

## **Enerflex Holdings Limited Partnership – Exchangeable LP Unitholders**

The following information is intended to assist holders (“Partners”) of exchangeable partnership interests (“Exchangeable LP Units”) in Enerflex Holdings Limited Partnership (“the Partnership”) in the preparation of their income tax return.

**The following information is of a general nature only. This information is not exhaustive of all possible income tax considerations under the Income Tax Act (Canada) (“Tax Act”) and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Partner. Consequently, Partners should consult their own tax, legal and/or business advisors as to the tax implications of holding Exchangeable LP Units in their particular circumstances. Exchangeable LP Units are not tradeable on any exchange and can be converted to Trust Units of Enerflex Systems Income Fund.**

Registered Partners will receive a “T5013 – Statement of Partnership Income” (“T5013 slip”) from the transfer agent, Computershare Trust Company of Canada, which will be mailed on or before March 31, 2010. Partners who hold their Exchangeable LP Units through brokers or investment dealers will receive T5013 slips directly from their broker or investment dealer. The deadline for mailing T5013 slips is March 31, 2010.

### **Exchangeable LP Units held**

The Partnership is not subject to tax under the Tax Act. Each Partner is required to include in computing such person’s income for a particular taxation year the Partner’s share of the net income or loss, including capital gains and capital losses, as the case may be, of the Partnership for the fiscal period of the Partnership (which is the calendar year) ending on or before the Partner’s taxation year end.

The Limited Partnership Agreement provides for the allocation of net income or loss of the Partnership for any fiscal period whether or not any of that income is distributed to a Partner in the taxation year. Generally, income of the Partnership for a particular fiscal period will be allocated among the Partners according to the Limited Partnership Agreement. The Limited Partnership Agreement provides that if an Exchangeable LP Unit is transferred prior to the end of the Partnership’s fiscal period, the Partner will be allocated a proportionate share of income or loss for the period in the fiscal period during which the Partner held the Exchangeable LP Unit.

### **ACB Implications for Exchangeable LP Units held**

The adjusted cost base (“ACB”) to a Partner of an Exchangeable LP Unit will be the cost of the Exchangeable LP Unit plus or minus adjustments required under the Tax Act. The adjustments required generally include additions for income and capital gains allocated to a Partner and reductions for distributions received by, and losses and capital losses allocated to a Partner. If, at the end of a fiscal period of the Partnership, these cumulative reductions exceed the cost plus the cumulative additions to the ACB of a Partner’s

Exchangeable LP Units, the Partner will be deemed to have realized an immediate capital gain to the extent of the excess, resulting in the ACB of the Exchangeable LP Unit being adjusted to nil.

The Partnership interest income allocation and cash distribution information per Exchangeable LP Unit for the fiscal period ended December 31, 2009 is shown below.

<b>Record Date</b>	<b>Interest Income Allocation (Box 50 of Form T5013)</b>	<b>Cash Distribution Payment Date</b>	<b>Total Cash Distribution (CDN)</b>
March 31, 2009	\$0.30	April 15, 2009	\$0.30
June 30, 2009	\$0.30	July 15, 2009	\$0.30
September 30, 2009	\$0.30	October 15, 2009	\$0.30
December 31, 2009	\$0.30	January 15, 2010	\$0.30