

## TAX ELECTION INSTRUCTIONS

Capitalized terms not defined in these instructions have the meaning assigned to them in the offer dated November 16, 2009 (the "Offer") made by Toromont Industries Ltd. ("Toromont") to holders of units ("Units") of Enerflex Systems Income Fund and Enerflex Holdings Limited Partnership and the accompanying take-over bid circular (the "Circular").

**These instructions are of a general nature only and are not intended to be (nor should they be construed to be) legal or tax advice to any particular Eligible Holder. Furthermore, apart from providing these materials to Eligible Holders for their convenience, Toromont will not provide Eligible Holders with any advice on making the joint tax election. Accordingly, Eligible Holders should consult with their own tax advisors for specific advice in respect of whether to make a joint tax election, the making of the joint tax election and complying with the requirements for making such an election having regard to their own particular circumstances.**

**Please review the tax election forms very carefully and consult your tax advisor as to their proper completion and delivery and the applicable filing deadlines. You are also advised to review *Information Circular 76-19R3* (available at <http://www.cra-arc.gc.ca/E/pub/tp/ic76-19r3>) and *Interpretation Bulletin IT-291R3* (available at <http://www.cra-arc.gc.ca/E/pub/tp/it291r3>) issued by the Canada Revenue Agency ("CRA") for information in respect of the joint tax election under the Tax Act.**

These tax instructions are for use by an Eligible Holder who disposed of Units and received consideration for such disposition that included Toromont Shares pursuant to the Offer (as amended on January 7, 2010) and who elected both the Share Alternative and the Rollover Option in the Letter of Transmittal.

### **Eligible Holders**

"Eligible Holder" means a former holder of Units who is (a) a resident of Canada for the purposes of the Tax Act and is not exempt from tax on income under the Tax Act, or (b) a non-resident of Canada for the purposes of the Tax Act, whose Units constitute "taxable Canadian property" (as defined by the Tax Act) and who is not exempt from Canadian tax in respect of any gain realized on the disposition of Units by reason of an exemption contained in an applicable income tax treaty or convention, or (c) a partnership if one or more members of the partnership are described in (a) or (b).

An Eligible Holder may obtain a full or partial tax-deferred rollover by making a joint election with Toromont under subsection 85(1) of the Tax Act, or in the case of an Eligible Holder that is a partnership, under subsection 85(2) of the Tax Act (in either case, a "Tax Election"). The procedure for making a Tax Election (the "Tax Election Procedure") is set out herein and generally under the heading "Certain Canadian Federal Income Tax Considerations" in Section 19 of the Circular.

Toromont will make a Tax Election with an Eligible Holder only if the Eligible Holder:

- has elected both the Share Alternative and the Rollover Option in the Letter of Transmittal;

- has properly completed and executed the required tax election forms (i.e., two copies of Form T2057 (available at <http://www.cra-arc.gc.ca/E/pbg/tf/t2057>) or, in the event that the Units were held by a partnership, two copies of Form T2058 (available at <http://www.cra-arc.gc.ca/E/pbg/tf/t2058>) and two copies of any applicable provincial tax election forms that may be required under the corresponding provincial tax legislation); and
- has ensured the receipt of the properly completed tax election forms by Toromont on or before April 20, 2010 (being 90 days after January 20, 2010, the Expiry Time of the Offer) at:

Attention: Director of Taxation

Toromont Industries Ltd.  
3131 Highway 7 West  
Concord, Ontario, L4K 1B7

Note: As described in the Circular (as amended by the Notice of Variation dated January 7, 2010), Toromont may withdraw the Rollover Option in certain circumstances.

### **Execution of Tax Election Forms**

In order to make a Tax Election, the applicable Tax Election forms must be signed and properly completed with the necessary information, including the number of Units transferred, the consideration received therefor and the applicable agreed amounts for the purposes of such elections and must be received by Toromont at the address stated above no later than 90 days after the Expiry Time. Toromont will execute any properly completed Tax Election forms submitted to it by an Eligible Holder in the time and manner specified herein, and will forward one copy of such election form to the Eligible Holder at the address indicated on the election form within 60 days after the receipt thereof. **Toromont will not be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by an Eligible Holder to properly complete any election form or to properly file it within the time prescribed and in the form prescribed under the Tax Act (or the corresponding provisions of any applicable provincial tax legislation).**

Toromont will assume that any representative that signs the Tax Election forms on behalf of a corporation, trust or estate has been duly authorized to do so, and will not take any action to verify the validity of any such authorization. Eligible Holders that are corporations, trusts or estates should consult their own legal advisors in determining whether such authorization has been properly given.

### **Deadline for Filing of Tax Elections**

In order for the CRA to accept a Tax Election without a late filing penalty being paid by an Eligible Holder, the election form must be received by the CRA on or before the date that is the earliest of the day on or before which either Toromont or the Eligible Holder is required to file an income tax return for the taxation year in which the exchange occurs. Toromont (being a corporation resident in Canada) is required to file its income tax return under the Tax Act within six months after the end of its taxation year. Toromont's 2010 taxation year is scheduled to end on December 31, 2010 but may end earlier as a result of an event such as an amalgamation. Accordingly, Eligible Holders wishing to make a Tax Election are encouraged file such election form with the CRA as soon as they are able.

## **Provincial Elections**

In order to achieve a deferral of tax in some provinces, such as the Province of Québec, or territories similar to that resulting from the Tax Election, it may be necessary to file a separate copy of the Tax Election or a separate provincial or territorial tax election analogous to the Tax Election with the taxing authority of such province or territory. Toromont will also make such a provincial or territorial tax election with an Eligible Holder under the same conditions that it is willing to make the Tax Election. Eligible Holders are entirely responsible for determining whether any such separate federal, provincial or territorial election is applicable and appropriate in their circumstances and (if so) obtaining, completing and forwarding the related forms to Toromont (at the address listed above) for execution by Toromont.

Eligible Holders who wish to make a similar election in Québec may download copies of the required Québec form from the Revenue Quebec website (Québec Form TP-518-V is available at <http://www.revenu.gouv.qc.ca/en/sepf/formulaires/tp/tp-518.aspx> and Quebec Form TP-529-V is available at <http://www.revenu.gouv.qc.ca/en/sepf/formulaires/tp/tp-529.aspx>). These instructions do not address any aspect of making such Québec election (or any other applicable provincial election form). Consult your own tax advisor regarding the Québec election or any other applicable tax election.

## **Procedure for Completing Tax Elections**

### 1. Units co-owned or held by a partnership

Where the Units were held in joint ownership and two or more of the co-owners wish to make a Tax Election, one of the co-owners designated for such purpose must file one copy of Form T2057 (and where applicable, the corresponding provincial election form(s)) for each co-owner along with a list of all co-owners electing, which list should contain the address and social insurance number or business number of each co-owner.

Where the Units were held as partnership property, a partner designated by the partnership must file one copy of Form T2058 on behalf of (but not for) each member of the partnership (and where applicable, the corresponding form(s) with the provincial taxation authority), along with a list containing the name, address, social insurance number or business number of each partner. Such Form T2058 (and the corresponding provincial form(s), if applicable) must be either signed by each partner or alternatively accompanied by a copy of the document authorizing the designated partner to complete, execute and file the form on behalf of the other partners.

### 2. Completion of Form T2057

The description below illustrates the information required to be provided by an Eligible Holder completing Form T2057. In some cases, the required information will be provided by Toromont as noted. The information should be typed or legibly printed on the prescribed Form(s) as noted.

3. Completion of Form T2058

Eligible Holders completing Form T2058 may refer to the instructions set out below regarding Form T2057, although the order of presentation of the information on Form T2058 may differ from that of Form T2057 and some of the required information may be different. Eligible Holders are urged to consult their own tax advisors.

**Page 1 of Form T2057**

Complete the information in this first box for the Eligible Holder making the election:

Name of taxpayer (transferor) (print)							Social insurance number or Business Number		
Address							Postal code		
Taxation year of taxpayer for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office	

The address inserted by the Eligible Holder is the address to which the election form(s) will be returned after Toromont has signed the form(s). **It is the sole responsibility of the Eligible Holder to file the election form(s) with the appropriate tax authority within the time prescribed by the Tax Act.**

Complete the information in this box if the Units were held in joint ownership; otherwise, enter "N/A":

Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)		Social insurance number
Address	Postal code	Tax services office

The next section will be completed by Toromont:

Name of corporation (transferee) (print)							Business Number	
Address							Postal code	
Taxation year of corporation for the period from	Year	Month	Day	to	Year	Month	Day	Tax services office

Complete the next section, by filling in your name and telephone number or, if appropriate, the name and telephone number of your tax advisor:

Name of Person to Contact for Additional Information	Area Code	Telephone Number
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The last section on page 1 of Form T2057 relates to late filed elections and is to be completed by Eligible Holders who meet the deadline for receipt by Toromont of their Tax Election(s) (i.e., they have submitted to Toromont their Tax Election forms on before 90 days after the Expiry Time) but whose election(s) will be filed late with the CRA (see the discussion above in the section entitled "Deadline for Filing of Tax Election Forms").

**Page 2 of Form T2057**

The answers to the first four questions should be completed on Form T2057 as follows:

- Is there a written agreement relating to this transfer? .....  Yes  No
- Does a price adjustment clause apply to any of the properties?  
(See the Interpretation Bulletin IT-169 for details) .....  Yes  No
- Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of transferee? .....  Yes  No
- Does a non-arm's length rollover exist between 2 or more corporations? .....  Yes  No
- a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? .....  Yes N/A  No

Eligible Holders should answer the following question based on their particular circumstances:

- Is the taxpayer a non-resident of Canada? .....  Yes  No

Eligible Holders should answer the following question based on their particular circumstances:

Are any of the properties transferred capital properties? .....  Yes  No

Whether the Units are capital properties to a particular Eligible Holder is a mixed question of fact and law that must be determined by each Eligible Holder based on a consideration of all of the relevant circumstances. Please consult your own tax advisor in this regard.

If the Units were held as capital property, you must answer the following questions, which should be answered as follows:

- a) have they been owned continuously since Valuation Day (V-Day)? .....  Yes  No
- b) have they been acquired after V-Day in a transaction considered not to be at arm's length .....  Yes N/A  No
- c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received and attach a schedule) .....  Yes N/A  No

Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day? .....  Yes  No

If "Yes" does a formal documented V-Day value report exist? .....  Yes  No

Has an election under subsection 26(7) of the Income Tax Application Rules (Form T2076) been filed by or on behalf of the taxpayer? .....  Yes N/A  No

Eligible Holders should complete the next section as follows:

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:		
Name of corporation (print)	Business Number	Paid-up capital of shares transferred
N/A		

Eligible Holders must complete the information in the boxes below as follows:

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable?*
→	Common Shares of Toromont Industries Ltd.	N/A	Not known - Dependent on elections filed by other shareholders	Voting	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
* Retractable means redeemable at the option of the holder.					

Enter the number of Toromont Shares received by the Eligible Holder.

**Page 3 of Form T2057**

Insert "2010 01 20" below as follows.

**PARTICULARS OF ELIGIBLE PROPERTY DISPOSED OF AND CONSIDERATION RECEIVED**

Date of sale or transfer of all properties listed below:	Year	Month	Day
	2010	01	20

Complete the information in this section according to the instructions following:

	Property Disposed Of			Agreed Amount  B	Amount to be reported B-A  (If > 0 see note 4)	Consideration Received		
	Description	Elected Amount Limits				Non-share	Share	Fair Market Value of Total Consideration
		Fair Market Value	A			Description	Number and Class	
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$	\$	\$	\$	\$	\$
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Complete this section if the Units were capital property. If the Units were inventory, complete the section with the sidebar entitled "Inventory Excluding Real Property" in a similar manner.

- (1) Enter the number of Units disposed of and their description as "trust units of Enerflex Systems Income Fund" or "limited partnership units of Enerflex Holdings Limited Partnership", as the case may be.
- (2) Enter the total fair market value of the Units at the time of their disposition. Each Unit sold to Toromont on January 20, 2010 under the Share Alternative was exchanged for \$4.907 in cash plus .3541 of a Toromont share. The dollar value of the .3541 of a Toromont share was \$9.741 (using the January 20, 2010 closing price of Toromont Shares on the TSX of \$27.51). Therefore, the total consideration received per Unit was \$14.648 (i.e., \$4.907 + \$9.741), and this should be reported as the fair market value of each Unit taken up on January 20, 2010. For example, if the Eligible Holder tendered 1000 Units to the Offer under the Share Alternative and such Units were taken-up by Toromont on January 20, 2010, enter "14,648" (being 1000 multiplied by \$14.648).
- (3) Enter the aggregate adjusted cost base (or cost amount in the case of inventory) of the Units disposed of.
- (4) See the rules described below with respect to calculation of the agreed amount.
- (5) Compute B-A. (i.e., the difference between the amounts referred to in (4) and (3)).
- (6) Enter the total amount of cash received on the disposition of the Units including any cash received in lieu of a fractional Toromont Share. Each Unit sold to Toromont on January 20, 2010 under the Share Alternative was exchanged for \$4.907 in cash. In addition you may have received cash in lieu of a fractional Toromont Share. Enter the total of cash received on the disposition of the Units (\$4.907 per unit) plus any cash received in lieu of a fractional Toromont Share.
- (7) Enter the aggregate number of whole Toromont Shares received on the disposition of the Units and their description as "voting common shares".

- (8) Enter the total fair market value, at the time of the disposition of the Units, of the cash and Toromont Shares received. The total should equal the total fair market value determined in (2) above.

**Rules with Respect to Calculation of Agreed Amount**

The agreed amount must be determined in accordance with the following rules:

- (1) The agreed amount may not be less than the amount of cash received on the disposition of Units, including any cash received in lieu of fractional Toromont Shares (i.e., your answer to (6) above).
- (2) The agreed amount may not be less than the lesser of (i) the adjusted cost base (or cost amount, if the Units were inventory) to the holder of the Units disposed of (i.e., your answer to (3) above), determined at the time of the disposition, and (ii) the fair market value of the Units at that time (i.e., your answer to (2) above).
- (3) The agreed amount may not exceed the fair market value of the Units at the time of disposition (i.e., your answer to (2) above).

**Eligible Holders should consult their tax advisors regarding the selection of the agreed amount in respect of the Units disposed of.**

The Eligible Holder must sign in the last box as indicated:

ELECTION AND CERTIFICATION		
The taxpayer and corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge is correct and complete.		
_____	and _____	_____
Signature of Transferor or Authorized Officer or Authorized Person	Signature of Authorized Officer of Transferee	Date

Eligible Holder should sign here

Leave this space blank for the authorized signature of Toromont