



PENN WEST ENERGY TRUST 2010 U.S. INCOME TAX INFORMATION

The following tax information is provided to assist individual U.S. unitholders of Penn West Energy Trust (“the Trust”) in reporting distributions received from the Trust on their IRS Form 1040 – U.S. Individual Income Tax Return for the 2010 calendar year.

The information contained herein is of a general nature only and not exhaustive of all possible U.S. tax considerations. It is not intended to constitute legal or tax advice to any holder or potential holder of the Trust’s units. Readers should consult their own legal or tax advisors as to their particular tax consequences of holding trust units.

U.S. Unitholders

The following summary applies if you were a unitholder who is a citizen or resident of the United States under the Internal Revenue Code (United States).

Corporate Conversion

Effective January 1, 2011, the Trust converted into Penn West Petroleum Ltd. (“Penn West”), a publically listed corporation. U.S. shareholders of Penn West should not see any change with respect to how dividends are reported for U.S. tax purposes subsequent to the conversion. Penn West expects these dividends to continue to be treated as “Qualified Dividends”.

Trust Units Held Within a Qualified Retirement Plan

No amounts are required to be reported on an IRS Form 1040 – U.S. Individual Income Tax Return if trust units were held within a qualified retirement plan. The Trust’s units are eligible investments for IRAs and distributions are not to be considered Unrelated Business Taxable Income (UBTI).

Trust Units Held Outside of a Qualified Retirement Plan

If	Then
You hold trust units through a broker or other intermediary...	You will receive all necessary tax form(s) directly from your broker or intermediary, not from the Trust's transfer agent or from the Trust
You were a registered unitholder...	You will receive Forms 1099-DIV and NR-4 directly from the Trust's transfer agent <i>(CIBC Mellon)</i>

The Trust should be treated as a corporation and its units as equity under U.S. tax law. Therefore, a portion of the Trust's distributions paid during the year should be considered dividends for U.S. federal income tax purposes. **The Trust has determined that 100% of distributions paid during 2010 should be reported as a "qualified dividend" and that no portion of the distributions should be reported as a tax-deferred return of capital.**

In consultation with its U.S. tax advisors, the Trust is of the opinion that the dividend portion of the 2010 distributions should be considered "Qualified Dividends" under the Jobs and Growth Tax Relief Reconciliation Act of 2003. Such Qualified Dividends are eligible for the reduced tax rate applicable to long-term capital gains and are to be reported on line 9(b) of the 2010 U.S. Form 1040. There are certain individual circumstances, as provided on page 20 of the IRS 2010 1040 Instruction Booklet, where the dividends may not be Qualified Dividends (such as in situations where the individual unitholder does not meeting a holding period test). Where these circumstances apply they are to be reported as Ordinary Dividends on line 9(a) of US Form 1040 and, if required, on Schedule B – Part II "Ordinary Dividends".

U.S. individual unitholders who held their Trust units through a broker or other intermediary should receive tax reporting information from the broker or intermediary. We expect the broker or intermediary will issue a 1099-DIV "Dividends and Distributions" or a similar substitute form. We have every reason to believe that the Trust distributions should appear as "Qualified Dividends" on Line 1(b) of the 1099-DIV forms received for 2010 since the trust has undertaken measures to ensure it has been included as a "qualified foreign corporation" on a database established and maintained by several U.S. brokerage firms. Registered unitholders will receive form 1099-DIV directly from the Trust's transfer agent.

Unitholders are strongly encouraged to compare the 1099-DIV form received from their broker to the information provided in this letter, noting in particular that the dividend amount is correctly identified as a "Qualified Dividend". Investors should consult their brokers and tax advisors to ensure the proper information is accurately reflected on their tax returns.

Unitholders are encouraged to utilize the Qualified Dividends and Capital Gain Worksheet to determine the amount of tax that may otherwise be applicable.

Pursuant to the Canada – U.S. Tax Treaty, the Trust's distributions paid to residents of the United States are subject to a 15% withholding tax on 100% of the gross distribution.

Based on an opinion we have received from our U.S. tax advisors, for units held in taxable accounts, we believe the full amount of Canadian withholding taxes applied to Trust distributions should be creditable for U.S. tax purposes in the taxation year in which it is applied. Where units are held in a tax-deferred account (e.g., an IRA account), no portion of the withholding tax is creditable.

Canadian withholding taxes that have been withheld from your distributions are included in box 6 of Form 1099-DIV and should be reported on line 47 of the U.S. Form 1040 and if required, on Form 1116 "Foreign Tax Credit (Individual, Estate or Trust)". Information regarding the amount of Canadian tax withheld from 2010 distributions should be available through your broker or other intermediary and is not available from the Trust.

2010 Cash Distribution Schedule

The following schedules summarize, on a per unit basis, the U.S. tax treatment of monthly cash distributions paid by the Trust (prior to Canadian withholding tax) for the period January 1st to December 31st, 2010. The amounts are expressed in \$U.S. converted on the record date.

PENN WEST ENERGY TRUST 2010 DISTRIBUTION INFORMATION FOR U.S. UNITHOLDERS (\$/UNIT)

Record Date	Payment Date	Cash Distribution (\$Cdn)	Conversion Rate (1)	Cash Distribution (\$ U.S.)	Taxable Qualified Dividend (\$U.S.)	Tax- Deferred Return of Capital (\$U.S.)
Dec 31, 2009	Jan 15, 2010	0.15	0.9555	0.1433	0.1433	0.0000
Jan 29, 2010	Feb 12, 2010	0.15	0.9390	0.1409	0.1409	0.0000
Feb 26, 2010	Mar 15, 2010	0.15	0.9500	0.1425	0.1425	0.0000
Mar 31, 2010	Apr 15, 2010	0.15	0.9846	0.1477	0.1477	0.0000
Apr 30, 2010	May 14, 2010	0.15	0.9885	0.1483	0.1483	0.0000
May 31, 2010	Jun 15, 2010	0.15	0.9558	0.1434	0.1434	0.0000
Jun 30, 2010	Jul 15, 2010	0.15	0.9429	0.1414	0.1414	0.0000
Jul 30, 2010	Aug 13, 2010	0.15	0.9718	0.1458	0.1458	0.0000
Aug 31, 2010	Sep 15, 2010	0.15	0.9399	0.1410	0.1410	0.0000
Sep 30, 2010	Oct 15, 2010	0.09	0.9711	0.0874	0.0874	0.0000
Oct 29, 2010	Nov 15, 2010	0.09	0.9815	0.0883	0.0883	0.0000
Nov 30, 2010	Dec 15, 2010	0.09	0.9743	0.0877	0.0877	0.0000
TOTAL		\$1.62		1.5576	1.5576	0.0000

(1) Bank of Canada noon rate on record date

Cost Basis of Units for Capital Gains Purposes

Any return of capital portion of distributions affect the costs basis in your units. Since the return of capital for 2010 is nil, there should be no effect on cost basis for 2010 Trust distributions.

Unitholders are strongly encouraged to maintain an ongoing record of the return of capital portion of Trust distributions and regularly update their cost basis calculations. Each unitholder is solely responsible for his or her own cost base calculations; The Trust neither tracks nor provides advice in this respect.