



## **PENN WEST ENERGY TRUST 2008 CANADIAN INCOME TAX INFORMATION**

*This letter is intended to provide assistance to Canadian resident individual unitholders of Penn West Energy Trust ("Penn West") in the preparation of their 2008 T1 Income Tax Returns. It is not exhaustive of all income tax considerations and is not intended to constitute legal or tax advice to any unitholder. Readers should consult their own legal or tax advisors as to their own particular tax consequences of holding Penn West units.*

### **Canadian Unitholders**

The following summary applies if you are a Penn West unitholder who:

- is a resident of Canada under the Income Tax Act (Canada), and
- holds Penn West trust units as capital property.

If this is not the case, please consult with your tax adviser about your Penn West units.

### **Penn West 2008 Monthly Distributions**

Penn West qualifies as a mutual fund trust under the Income Tax Act (Canada) (the "Tax Act") and the trust units of Penn West are qualified investments for a Registered Retirement Savings Plan ("RRSP"), Registered Retirement Income Fund ("RRIF"), Registered Education Savings Plan ("RESP") or Deferred Profit Sharing Plan ("DPSP").

For Canadian unitholders, monthly trust distributions are comprised of a taxable (income) portion and a tax-deferred (return of capital) portion. The taxable portion is determined directly from the calculation of Penn West's taxable income and is dependent upon various tax deductions that Penn West may claim against its income for tax purposes for the year. Taxable amounts are reported in Penn West's T3 return and are allocated to individual unitholders via T3 supplementary slips prepared by Penn West's transfer agent, brokers or other intermediaries. Unitholders are then generally required to include their proportionate share of this income allocation in their tax return for the year.

### **Trust Units Held Within an RRSP, RRIF, RESP or DPSP**

If you held your trust units within a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Education Savings Plan ("RESP") or a Deferred Profit Savings Plan (DPSP), **NO AMOUNT** is to be reported in your 2008 Income Tax Return.

### **Trust Units Held Outside of an RRSP, RRIF, RESP or DPSP**

Follow this table if you hold your trust units outside an RRSP, RRIF, RESP or DPSP.

<b>If</b>	<b>Then</b>
You hold trust units through a broker or other intermediary...	You will receive a T3 Supplementary slip directly from your broker or intermediary, <b>not</b> from the transfer agent or Penn West.
You are a registered unitholder...	You will receive T3 Supplementary slips directly from Penn West's transfer agent (CIBC Mellon).

Penn West has determined that distributions received by Canadian resident unitholders in respect of the 2008 taxation year are **100% taxable (income) and 0% tax-deferred (return of capital)**. The taxable portion of distributions are to be reported as "Other income" in your 2008 T1 income tax return and will be included in Box (26) of the "T3 Supplementary" slip.

### Cash Distribution Schedule

The table below summarizes, on a per unit basis, the taxability of cash distributions declared and included in the 2008 "T3 Supplementary" slips, which, for Canadian tax purposes, will include distributions with record dates from January 31, 2008 to December 31, 2008.

#### 2008 Cash Distribution Information for Canadian Penn West Unitholders (\$/unit)

Record Date	Payment Date	Cash Distribution (\$CDN)	Taxable Amount (\$CDN)	Return of Capital Amount (\$CDN)
Jan 31 2008	Feb 15 2008	0.34	0.34	0.00
Feb 29 2008	Mar 14 2008	0.34	0.34	0.00
Mar 31 2008	Apr 15 2008	0.34	0.34	0.00
Apr 30 2008	May 15 2008	0.34	0.34	0.00
May 30 2008	Jun 13 2008	0.34	0.34	0.00
Jun 30 2008	Jul 15 2008	0.34	0.34	0.00
Jul 31 2008	Aug 15 2008	0.34	0.34	0.00
Aug 29 2008	Sept 15 2008	0.34	0.34	0.00
Sept 30 2008	Oct 15 2008	0.34	0.34	0.00
Oct 31 2008	Nov 14 2008	0.34	0.34	0.00
Nov 28 2008	Dec 15 2008	0.34	0.34	0.00
Dec 31 2008	Jan 15 2009	0.34	0.34	0.00
<b>Total per unit</b>		<b>4.08</b>	<b>4.08</b>	<b>0.00</b>

### Adjusted Cost Base of Units for Capital Gains Purposes

The Adjusted Cost Base ("ACB") is used in calculating capital gains and losses on the disposition of trust units. Unitholders are required to reduce the ACB of their trust units by an amount equal to the cumulative cash received from distributions in 2008 minus the amount reported as "Other Income" on the T3 slip. Since the return of capital for 2008 is nil, there should be no effect on ACB.

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