



Rating: Buy
 S&P 500: 1403

Penn West Energy Trust

Raise Net Present Value to \$45 a Share

<i>Symbol</i>	PWE	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$mm)</i>	3,710
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	33
<i>Price (US\$/un)</i>	32.38	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	5/13/08	<i>Adjusted Reserves/Production NTM</i>	7.3
<i>Units (mm)</i>	364	<i>EV/Ebitda</i>	4.5
<i>Market Capitalization (US\$mm)</i>	11,800	<i>PV/Ebitda</i>	5.8
<i>Debt (US\$mm)</i>	5,100	<i>Undeveloped Reserves (%)</i>	9
<i>Enterprise Value (EV) (US\$mm)</i>	16,800	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	50.89
<i>Present Value (PV) (US\$mm)</i>	21,400	<i>Present Value Proven Reserves(US\$/boe)</i>	38.17
<i>Net Present Value (US\$/unit)</i>	45	<i>Present Value Proven Reserves(US\$/mcf)</i>	6.36
<i>Debt/Present Value</i>	0.24	<i>Earnings Next Twelve Months (US\$/un)</i>	2.74
<i>McDep Ratio - EV/PV</i>	0.79	<i>Price/Earnings Next Twelve Months</i>	12
<i>Distribution Yield (%/year)</i>	12.5	<i>Indicated Annual Distribution (US\$/un)</i>	4.06
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per unit revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$14 a million btu.			
For historical analysis of PWE since 2005 see www.mcdep.com/5pwt.htm			

Summary and Recommendation

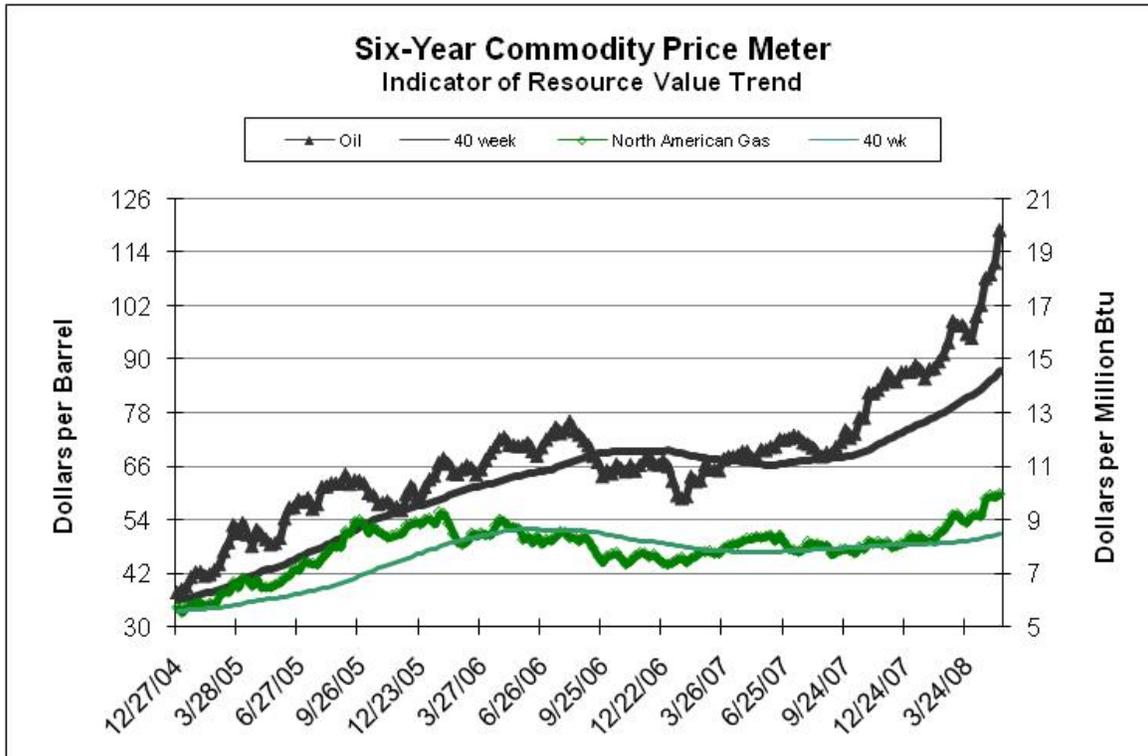
We raise estimated net present value (NPV) of buy-recommended **Penn West Energy Trust (PWE)** to \$45 a share, up from \$37 presuming a long-term oil price of \$100 a barrel, up from \$80. First quarter results released on May 13 recorded a 50% volume gain with the closing in early January of the Canetic and Vault acquisitions. Projected volumes along with current futures prices promise a continuing high level of unlevered cash flow (Ebitda) (see table Next Twelve Months Operating and Financial Estimates). Projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) supports NPV (see table Functional Cash Flow and Present Value). The cash flow outlook is boosted by a continued uptrend for oil price and more recently natural gas price (see chart Six-Year Commodity Price Meter). About half of cash flow is distributed to unitholders to provide the highest rate of current income of any of our buy recommendations. The remaining cash flow can be used to repay debt or to fund new production on the trust's vast land position.

Kurt H. Wulff, CFA



Penn West Energy Trust									
Next Twelve Months Operating and Financial Estimates									
(Canadian dollars)									
									Next Twelve Months
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	2008E
	3/31/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09
Volume									
Natural Gas (mmcf)	340	328	329	500	515	515	515	511	515
Days	90	92	365	91	91	92	92	366	365
Oil (mbd)	72	73	72	109	114	114	114	113	114
Total gas & oil (bcf)	69	71	278	105	109	110	110	435	438
Total gas & oil (mbd)	128	128	127	192	200	200	200	198	200
Price									
Natural gas (\$/mcf)									
Henry Hub (US\$/mmbtu)	6.81	6.97	6.87	8.02	10.72	11.49	11.89	10.53	11.60
Currency (US\$/C\$)	0.85	1.02	0.93	1.00	1.00	1.00	1.00	1.00	1.00
Henry Hub (C\$/mmbtu)	7.97	6.84	7.39	8.05	10.78	11.55	11.95	10.58	11.66
Company (C\$/mcf)	7.59	6.34	6.87	7.98	10.68	11.44	11.84	10.51	11.55
Oil (\$/bbl)									
WTI Cushing (US\$)	58.08	90.67	72.28	97.94	120.36	123.86	123.08	116.31	122.36
WTI Cushing (C\$/bbl)	68.01	88.91	77.67	98.40	120.95	124.47	123.68	116.88	122.96
Company (C\$/bbl)	53.67	68.40	61.59	83.22	102.30	105.27	104.61	99.05	104.00
Total gas & oil (\$/mcf)	8.35	9.24	7.24	11.32	14.31	14.92	15.03	11.42	12.18
Revenue (\$mm)									
Natural Gas	233	191	827	363	500	542	561	1,967	2,172
Oil	346	461	1,623	826	1,061	1,104	1,097	4,088	4,328
Other	(104)	(114)	(434)	(214)	(281)	(296)	(299)	(1,090)	(1,170)
Total	475	539	2,016	975	1,281	1,350	1,360	4,965	5,329
Expense (\$mm)									
		158	606	292	384	405	408	1,489	1,599
Ebitda (\$mm)	328	381	1,410	682	896	945	952	3,475	3,730
Deprec., Deplet., & Amort.	209	242	890	396	420	420	420	1,656	1,680
Hedging and other	48	(13)	(31)	210	210	210	210	839	839
Ebit	71	153	551	76	267	315	322	980	1,211
Interest	16	27	92	52	52	52	52	208	208
Ebt	55	126	459	24	215	263	270	772	1,003
Income Tax	(41)		(41)	(55)				(55)	-
Net Income (\$mm)	96	126	500	79	215	263	270	827	1,003
Shares (millions)	240	242	241	361	361	361	361	361	364
Per share (\$)	0.40	0.52	2.07	0.22	0.59	0.73	0.75	2.29	2.76
Ebitda Margin - O&G	69%	71%	70%	70%	70%	70%	70%	70%	70%
Tax Rate	-75%	0%	-9%	-225%	0%	0%	0%	-7%	0%

Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	1,240	6.0	3.8	4,700	22%
Oil	2,470	8.3	6.8	16,800	78%
	3,710	7.3	5.8	21,500	100%
Debt (US\$mm)					5,100
Net Present Value (US\$mm)					16,400
Shares (mm)					364
Net Present Value - Standard Estimate (US\$/sh)					45
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					42



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