

2003 U.S. Income Tax Information

The following information is being provided to assist individual U.S. unitholders of ARC in reporting distributions received from ARC on their IRS Form 1040 – U.S. Individual Income Tax Return for the calendar year 2003.

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 where ARC trust units are held within a qualified retirement plan.

Trust Units Held Outside of a Qualified Retirement Plan

The table below summarizes the distributions paid by ARC in 2003. A portion of the distributions could be eligible for the new low rate of tax on certain "qualified dividends". ARC believes that its dividends are "Qualified Dividends" and therefore should be reported on Line 9b of the U.S. federal income tax return unless the fact situation of the U.S. individual unitholders determines otherwise. Commentary on page 23 of the IRS 2003 1040 Instruction booklet with respect to "Qualified Dividends" provides examples of individual situations where the dividends would not be "Qualified Dividends". Where, due to individual situations, the dividends are not "Qualified Dividends", the amount should be reported on Schedule B – Part II – Ordinary Dividends, Line 9a of your U.S. federal income tax return.

The table below also summarizes the portion of the distributions that are a return of capital. The return of capital is generally non-taxable. This amount is non-taxable if it is a return of your cost (or other basis) in the trust units. You must reduce your cost (or other basis) by this amount for calculating capital gain or loss when you sell your units. If this amount exceeds your cost (or other basis), report the excess as a capital gain.

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

The amount of foreign tax paid (Canadian withholding tax) should be reported on Form 1116 "Foreign Tax Credit (Individual, Estate, or Trust)". Information regarding the amount of Canadian tax withheld in 2003 should be determined from your own records and is not available from ARC.

Investors should report their dividend income and capital gain (if any), and make adjustments to their tax basis in the Trust's units, in accordance with this press release and subject to advice from their tax advisors. The Trust is not required to file Form 1099 and is providing this information in lieu of that requirement. Some unitholders will receive 1099s from their brokers and others may not. Information on the 1099s issued by the brokers may not accurately reflect the information in this press release for a variety of reasons. Investors should consult their brokers and tax advisors to ensure that the information presented here is accurately reflected on their tax returns.

Summary of U.S. Tax Information

The following table provides, on a per unit basis, the breakdown of the amount of cash distributions, prior to Canadian withholding tax, paid by ARC Energy Trust for the period January 15 to December 15, 2003. The amounts are segregated between the portion of the cash distribution that could be considered Qualified Dividends and the portion reported as Non-taxable return of capital. The amounts shown on the attached schedule are in U.S. dollars as converted on the applicable payment dates. This schedule is for information purposes only.

| Record Date | Payment Date | Dist. Paid CDN\$ | Exchange Rate. | Dist. Paid US\$ | Taxable | Return of |
|-----------------------|--------------|------------------|----------------|-------------------|-------------------------|-------------------|
| | | | | | Qualified Dividend US\$ | Capital US\$ |
| Dec 31, 2002 | Jan 15, 2003 | 0.13 | 0.651381 | 0.084680 | 0.069861 | 0.014819 |
| Jan 31, 2003 | Feb 17, 2003 | 0.15 | 0.657505 | 0.098626 | 0.081366 | 0.017260 |
| Feb 28, 2003 | Mar 17, 2003 | 0.15 | 0.674082 | 0.101112 | 0.083418 | 0.017694 |
| Mar 31, 2003 | Apr 15, 2003 | 0.15 | 0.688942 | 0.103341 | 0.085257 | 0.018085 |
| Apr 30, 2003 | May 15, 2003 | 0.15 | 0.726691 | 0.109004 | 0.089928 | 0.019076 |
| May 31, 2003 | Jun 16, 2003 | 0.15 | 0.746714 | 0.112007 | 0.092406 | 0.019601 |
| Jun 30, 2003 | Jul 15, 2003 | 0.15 | 0.717927 | 0.107689 | 0.088843 | 0.018846 |
| Jul 31, 2003 | Aug 15, 2003 | 0.15 | 0.720877 | 0.108131 | 0.089208 | 0.018923 |
| Aug 31, 2003 | Sep 15, 2003 | 0.15 | 0.732118 | 0.109818 | 0.090600 | 0.019218 |
| Sep 30, 2003 | Oct 15, 2003 | 0.15 | 0.755173 | 0.113276 | 0.093453 | 0.019823 |
| Oct 31, 2003 | Nov 17, 2003 | 0.15 | 0.761209 | 0.114181 | 0.094200 | 0.019982 |
| Nov 30, 2003 | Dec 15, 2003 | 0.15 | 0.761383 | 0.114207 | 0.094221 | 0.019986 |
| Total per Unit | | \$1.78 | | \$1.276073 | \$1.052760 | \$0.223313 |

This information is not exhaustive of all possible U.S. income tax considerations, but is a general guideline and is not intended to be legal or tax advice to any particular holder or potential holder of ARC units. Holders or potential holders of ARC units should consult their own legal and tax advisors as to their particular tax consequences of holding ARC units as well as to determine whether claiming a credit or deduction for foreign income taxes is more beneficial for you.