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## SIGNIFICANT DIFFERENCES IN BAYTEX ENERGY CORP.'S CORPORATE GOVERNANCE PRACTICES COMPARED TO NYSE CORPORATE GOVERNANCE STANDARDS

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As a Canadian corporation listed on the NYSE, Baytex Energy Corp. ("Baytex") is not required to comply with most of the NYSE corporate governance standards, so long as it complies with Canadian corporate governance practices. In order to claim such an exemption, however, Baytex must disclose the significant differences between its corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE corporate governance standards.

Baytex's corporate governance practices meet or exceed all applicable Canadian requirements. They also incorporate some best practices derived from the NYSE rules and comply with applicable rules adopted by the Securities and Exchange Commission.

It is expected that further information about Baytex's corporate governance practices will be included in Baytex's management proxy circulars in respect of its future annual meetings of shareholders.

The following is a summary of the significant ways in which Baytex's corporate governance practices differ from those required to be followed by U.S. domestic issuers under the NYSE corporate governance standards. Except as described in this summary, Baytex is in compliance with the NYSE corporate governance standards in all significant respects.

### **Proxy Solicitation Requirements:**

The NYSE Listed Company Manual requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings of a listed company, and requires that proxies be solicited pursuant to a proxy statement that conforms to the proxy rules of the United States Securities and Exchange Commission (the "SEC"). Baytex is a "foreign private issuer" under United States securities laws, and Baytex's common shares are accordingly exempt from the proxy rules promulgated by the rules of the SEC.

### **Shareholder Approval Requirements:**

The shareholder approval requirements set forth in the NYSE Listed Company Manual are different than those required by the TSX, the Alberta Business Corporations Act and Canadian securities laws. Baytex intends to comply with such home jurisdiction requirements in lieu of the requirements set forth in the NYSE Listed Company Guide.

### **Shareholder Meeting Quorum Requirement:**

The NYSE Listed Company Manual requires that the minimum quorum requirement for a shareholder meeting is one-third of the outstanding common shares. In addition, a company listed on NYSE is required to state its quorum requirement in its bylaws. Baytex's quorum requirement is set forth in its By-laws, which provide that the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 25% of the issued shares entitled to be voted at the meeting.

**Internal Audit Function:**

The NYSE Listed Company Manual requires that listed companies have an internal audit function. Baytex does not have such a function, which is not required under applicable home jurisdiction requirements.

**Corporate Governance Guidelines:**

Section 303.A.09 of the NYSE Listed Company Manual requires that each listed company adopt corporate governance guidelines with respect to certain specific matters, and that the guidelines be posted on the listed company's website. Although Baytex has adopted certain corporate governance practices that are described in Baytex's management proxy circulars for its annual meetings of shareholders, Baytex has not adopted corporate governance guidelines that cover each of the topics required by the NYSE Listed Company Manual, and Baytex has not posted its corporate governance guidelines on its website.