

BAYTEX ENERGY TRUST
Form 6-K
April 24, 2009

BAYTEX ENERGY TRUST

Notice of
Annual and Special Meeting of Unitholders
to be held on Wednesday, May 20, 2009

The annual and special meeting of the unitholders of Baytex Energy Trust will be held in the Devonian Room of the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta on Wednesday, May 20, 2009 at 3:00 p.m. (Calgary time) to:

1. receive and consider our financial statements for the year ended December 31, 2008, together with the report of the auditors;
2. fix the number of directors of Baytex Energy Ltd. to be elected at eight (8) members;
3. select eight (8) nominees for election as directors of Baytex Energy Ltd.;
4. appoint the auditors and to authorize the directors of Baytex Energy Ltd. to fix their remuneration;
5. re-appoint Valiant Trust Company as our trustee for a three-year term;
6. approve, with or without variation, an ordinary resolution to ratify all grants made under our Trust Unit Rights Incentive Plan since May 11, 2008;
7. approve, with or without variation, an ordinary resolution to approve the unallocated rights under our Trust Unit Rights Incentive Plan and certain amendments to such plan; and
8. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular - proxy statement accompanying this notice.

If you are unable to attend the meeting in person, we request that you date and sign the enclosed form of proxy and deposit it with Valiant Trust Company by mail or courier at Suite 310, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1 or by fax at (403) 233-2857. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the aforesaid address or fax number not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Only unitholders of record at the close of business on March 31, 2009 will be entitled to vote at the meeting, unless that unitholder has transferred any trust units subsequent to that date and the transferee unitholder, not later than ten days before the meeting, establishes ownership of the trust units and demands that the transferee's name be included

on the list of unitholders.

DATED at Calgary, Alberta, this 16th day of April, 2009.

By order of the Board of Directors of

Baytex Energy Ltd.

(signed) Shannon M. Gangl
Corporate Secretary

BAYTEX ENERGY TRUST

Information Circular - Proxy Statement
for the Annual and Special Meeting to be held on May 20, 2009

SOLICITATION OF PROXIES

This information circular - proxy statement is furnished in connection with the solicitation of proxies for use at the annual and special meeting of the unitholders of Baytex Energy Trust to be held at 3:00 p.m. (Calgary time) on Wednesday, May 20, 2009 in the Devonian Room of the Calgary Petroleum Club, located at 319 – 5th Avenue S.W., Calgary, Alberta and at any adjournment thereof.

We have two types of securities that entitle holders to vote generally at meetings of unitholders, being trust units and special voting units. The trust units and the special voting units vote together as a single class on all matters. Each trust unit is entitled to one vote and each special voting unit is entitled to one vote for each exchangeable share outstanding. As at March 31, 2009, no special voting units were outstanding.

Forms of proxy must be deposited with Valiant Trust Company (by mail or courier at Suite 310, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1 or by fax at (403) 233-2857) not less than 48 hours before the time for holding the meeting or any adjournment thereof. Only unitholders of record at the close of business on March 31, 2009 will be entitled to vote at the meeting, unless that unitholder has transferred any trust units subsequent to that date and the transferee unitholder, not later than ten days before the meeting, establishes ownership of the trust units and demands that the transferee's name be included on the list of unitholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of our subsidiary, Baytex Energy Ltd. ("Baytex"). As a unitholder you have the right to appoint a person, who need not be a unitholder, to represent you at the meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

ADVICE TO BENEFICIAL HOLDERS OF TRUST UNITS

The information set forth in this section is of significant importance to you if you do not hold your trust units in your own name. Only proxies deposited by unitholders whose names appear on our records as the registered holders of trust units can be recognized and acted upon at the meeting. If trust units are listed in your account statement provided by your broker, then in almost all cases those trust units will not be registered in your name on our records. Such trust units will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such trust units are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms. Trust units held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your trust units.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your units are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered unitholders. However, its purpose is limited to instructing the registered unitholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to a mailing/tabulating agent who mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can use their website or call their toll-free telephone number to vote your trust units. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of trust units to be represented at the meeting. If you receive a voting instruction form from a mailing/tabulating agent, it cannot be used as a proxy to vote trust units directly at the meeting as it must be returned to the mailing/tabulating agent well in advance of the meeting in order to have the trust units voted.

REVOCABILITY OF PROXY

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy attends personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

PERSONS MAKING THE SOLICITATION

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this information circular - proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

EXERCISE OF DISCRETION BY PROXY

The trust units represented by proxy in favour of management nominees will be voted on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon, the trust units will be voted on any poll in accordance with the specification so made. If you do not provide instructions, your trust units will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular - proxy statement, we know of no such amendment, variation or other matter.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of trust units and an unlimited number of special voting units without nominal or par value. As at March 31, 2009, there were 98,478,693 trust units issued and outstanding. At the meeting, upon a show of hands, every unitholder present in person or represented by proxy and entitled to vote shall have one vote. On a poll or ballot, every unitholder present in person or by proxy has one vote for each trust unit of which such unitholder is the registered holder.

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When any trust unit is held jointly by several persons, any one of them may vote at the meeting in person or by proxy in respect of such trust unit, but if more than one of them are present at the meeting in person or by proxy, and such joint owners of the proxy so present disagree as to any vote to be cast, the joint owner present or represented whose name appears first in the register of unitholders maintained by Valiant Trust Company is entitled to cast such vote.

As at March 31, 2009, our directors and officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 1,150,318 trust units or approximately 1.2% of the issued and outstanding trust units (and the votes entitled to be cast at the meeting). To the knowledge of our directors and officers, as at March 31, 2009, no person or company, beneficially owned, or controlled or directed, directly or indirectly, trust units entitled to more than 10% of the votes which may be cast at the meeting.

QUORUM FOR MEETING

At the meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than five percent (5%) of the outstanding trust units. If a quorum is not present at the meeting within one half hour after the time fixed for the holding of the meeting, it shall stand adjourned to such day being not less than fourteen (14) days later and to such place and time as may be determined by the chairman of the meeting. At such meeting, the unitholders present either personally or by proxy shall form a quorum.

APPROVAL REQUIREMENTS

All of the matters to be considered at the meeting are ordinary resolutions requiring approval by more than fifty percent of the votes cast in respect of the resolution by or on behalf of unitholders present.

MATTERS TO BE ACTED UPON AT THE MEETING

Fixing the Number of Directors of Baytex

The articles of Baytex provide for a minimum of three directors and a maximum of eleven directors. The by-laws of Baytex provide that the number of directors shall be fixed from time to time by the shareholders. There are currently eight directors on our board of directors (the "Board"). At the meeting, it is proposed that the number of directors of Baytex to be elected to hold office until the next annual meeting or until their successors are elected or appointed be set at eight (8). Unless otherwise directed, it is the intention of management to vote proxies in favour of setting the number of directors to be elected at eight (8).

Election of Directors of Baytex

Unitholders are entitled to nominate for election all of the members of the Board by a vote at a meeting of unitholders held in accordance with our trust indenture. Following such meeting, Valiant Trust Company, the trustee of Baytex Energy Trust, shall cause the individuals so nominated by the unitholders to be elected as directors of Baytex.

The eight (8) individuals to be nominated for election as directors of Baytex are as follows:

John A. R.E.T. (Rusty)
Brussa Goepel
Raymond Anthony W.
T. Chan Marino
Edward Gregory K.
Chwyl Melchin
Naveen Dale O. Shwed
Dargan

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

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The following table sets forth the names, ages (at December 31, 2008) and cities of residence of the persons proposed to be nominated for election as our directors, their committee memberships, the date on which each became a director of us (or a predecessor of us), the present occupations and brief biographies of such persons, and the number of our trust units beneficially owned, or controlled or directed, directly or indirectly, by each, the number of trust unit incentive rights held and the market value of such securities. This information is based partly on our records and partly on information received by us from the nominees.

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Nominee for Election as Director	Age	Director Since	Trust Units Owned, Controlled or Directed		Trust Unit Incentive Rights Held		Total Market Value of Trust Units and Trust Unit Incentive Rights (1)	
			March 2009	March 2008	March 2009	March 2008	March 2009	March 2008
John A. Brussa	51	1997	178,320	148,320	59,000	74,000	\$2,885,332	\$4,396,470

John A. Brussa
Calgary, AB

Member of:
- Reserves Committee
- Compensation Committee
- Nominating and
Governance Committee

Mr. Brussa holds a Bachelor of Arts degree in History and Economics and a Bachelor of Laws degree. He has been a partner in the Calgary-based energy law firm of Burnet, Duckworth & Palmer LLP since 1987, specializing in the area of taxation. He is also a director of a number of energy and energy related trusts and companies. Mr. Brussa is a past governor of the Canadian Tax Foundation.

53	1998	310,997	360,997	570,000	570,000	\$7,237,955	\$13,299,512
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Raymond T. Chan
Calgary, AB

Mr. Chan was appointed Executive Chairman of Baytex on January 1, 2009. He originally joined Baytex in October 1998 and has held the following positions: Senior Vice President and Chief Financial Officer (October 1998 to August 2003); President and Chief Executive Officer (September 2003 to November 2007); and Chief Executive Officer (November 2007 to December 2008). Mr. Chan has been a director of Baytex since October 1998. Mr. Chan has held senior executive positions in the Canadian oil and gas industry since 1982, including chief financial officer titles at Tarragon Oil and Gas Limited, American Eagle Petroleum Ltd. and Gane Energy Corporation. Mr. Chan holds a Bachelor of Commerce degree and is a chartered accountant.

65	2003	135,000	70,000	51,000	66,000	\$2,038,500	\$2,175,310
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Edward Chwyl
Victoria, BC

Member of:
- Reserves Committee
- Compensation Committee
- Nominating and
Governance Committee

Mr. Chwyl was appointed Lead Independent Director of Baytex on February 17, 2009. From September 2003 to December 2008, Mr. Chwyl was our Chairman. Mr. Chwyl holds a Bachelor of Science degree in Chemical Engineering and a Master of Science degree in Petroleum Engineering. He is a retired businessman with over 35 years of experience in the oil and gas industry in North America, most notably as President and Chief Executive Officer of Tarragon Oil and Gas Limited from 1989 to 1998. Prior thereto, he held various technical and executive positions within the oil and gas industry in Canada and the United States.

51	2003	100,000	75,000	49,000	44,000	\$1,586,500	\$2,095,640
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Naveen Dargan
Calgary, AB

Member of:
- Audit Committee

Mr. Dargan holds a Bachelor of Arts (Honours) degree in Mathematics and Economics, a Master of Business Administration degree and a Chartered

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- Compensation Committee Business Valuator designation. He has been an independent businessman since
 - Nominating and Governance Committee June 2003. Prior thereto he worked for over 20 years in the investment banking
 business, finishing his investment banking career as Senior Managing Director
 and Head of Energy Investment banking for Raymond James Ltd.

66 2005 83,000 23,000 49,000 64,000 \$1,329,800 \$1,215,310

R.E.T. (Rusty) Goepel
 Vancouver, BC

Member of:
 - Audit Committee Mr. Goepel holds a Bachelor of Commerce (Honours) degree. He is currently
 Senior Vice President for Raymond James Ltd. He commenced his career in
 investment banking in 1968 and was President and co-founder of Goepel
 Shields & Partners, which later became Goepel McDermid Ltd. and was
 acquired by Raymond James Ltd. in 2001.

48 2009 76,100 5,100 625,000 580,000 \$3,538,160 \$13,328,578

Anthony W. Marino
 Calgary, AB

Mr. Marino was appointed President, Chief Executive Officer and director of
 Baytex on January 1, 2009. Mr. Marino joined Baytex in November 2004 as
 Chief Operating Officer and was promoted to President and Chief Operating
 Officer in November 2007. Prior to joining Baytex, Mr. Marino was President
 and Chief Executive Officer of Dominion Exploration Canada Ltd. (a
 subsidiary of Dominion Resources Inc.). He is a registered professional
 engineer and a Chartered Financial Analyst, and has over 25 years of
 experience in the North American oil and gas industry. Mr. Marino has a
 Bachelor of Science degree with Highest Distinction in Petroleum Engineering
 from the University of Kansas and a Masters of Business Administration degree
 from California State University at Bakersfield.

55 2008 Nil Nil 45,000 Nil Nil Nil

Gregory K. Melchin
 Calgary, AB

Member of:
 - Audit Committee Mr. Melchin holds a Bachelor of Science degree (major in accounting) and a
 Fellow Chartered Accountant designation from the Institute of Chartered
 Accountants of Alberta. He has also completed the Directors Education
 Program with the Institute of Corporate Directors. Mr. Melchin was a member
 of the Legislative Assembly of Alberta from 1997 to March 2008. Among his
 various assignments with the Government of Alberta, he was Minister of
 Energy, Minister of Seniors and Community Supports and Minister of
 Revenue. Prior to being elected to the Legislative Assembly of Alberta, he
 served in various management positions for 20 years in the Calgary business
 community.

50 1993 208,689 940,178 59,000 44,000 \$3,343,904 \$21,803,723

Dale O. Shwed (2)
 Calgary, AB

Member of:
 - Reserves Committee Mr. Shwed holds a Bachelor of Science degree specializing in Geology. He has
 been President and Chief Executive Officer of Crew Energy Inc. since
 September 2003. Prior thereto, he was President and Chief Executive Officer
 of Baytex Energy Ltd. from 1993 to August 2003. He commenced his career in
 the oil and gas industry in 1980.

Notes:

- (1) The "Total Market Value of Trust Units and Trust Unit Incentive Rights" was determined by multiplying the number of Trust Units and the number of Trust Units issuable upon exercise of the Trust Unit Incentive Rights (regardless of vesting and adjusted for the exercise price) held by each nominee by the closing price of the trust units on the Toronto Stock Exchange on March 31, 2009 (\$15.10) and March 31, 2008 (\$22.78).
- (2) As at March 31, 2008, Mr. Shwed had ownership, control or direction over 455,129 exchangeable shares, each of which was exchangeable for 1.72665 trust units on March 31, 2008. The number of trust units and total market value of trust units held for Mr. Shwed as at March 31, 2008 assume that the exchangeable shares were exchanged for trust units on such date. Effective August 29, 2008, all of the outstanding exchangeable shares were exchanged for trust units.

Additional Disclosure Relating to Proposed Directors

To the knowledge of our directors and executive officers, none of our proposed directors is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer or was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of our proposed directors is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets or has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director, executive officer or shareholder, other than Mr. Shwed who was a director of Echelon Energy Inc., a private company incorporated under the Business Corporations Act (Alberta) which had a receiver-manager appointed over its assets in September of 1999 and Mr. Brussa who was a director of Imperial Metals Limited, a corporation engaged in both oil and gas and mining operations, in the year prior to that corporation implementing a plan of arrangement under the Company Act (British Columbia) and under the Companies' Creditors Arrangement Act (Canada) which resulted in the separation of its two businesses and the creation of two public corporations: Imperial Metals Corporation and IEI Energy Inc. (which became Rider Resources Ltd.). The plan of arrangement was completed in April 2002.

In addition, none of our proposed directors has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making investment decisions.

Appointment of Auditors

Our trust indenture provides that our auditors will be selected at each annual meeting of unitholders. Accordingly, management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of

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Deloitte & Touche LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the unitholders and to authorize the directors of Baytex to fix their remuneration. Deloitte & Touche LLP have been our auditors since inception.

The following table provides information about the fees billed to us and our subsidiaries for professional services rendered by Deloitte & Touche LLP during fiscal 2008 and 2007:

	Aggregate fees billed (\$000s)	
	2008	2007
Audit fees	\$1,124	\$851
Audit-Related Fees	-	-
Tax fees	56	5
All other fees	84	133
Total	\$1,264	\$989

Audit Fees. Audit fees consist of fees for the audit of our annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements. In addition to the fees for annual audits of financial statements and review of quarterly results, services in this category for fiscal 2008 and 2007 also include the review of comment letters from Canadian and U.S. regulatory agencies, audit work performed in relation to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal control over financial reporting and review of prospectuses related to an acquisition and equity and debt issuances.

Audit-Related Fees. Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported as Audit Fees.

Tax Fees. Tax fees included tax planning and various taxation matters.

All Other Fees. During fiscal 2008 and 2007, the services provided in this category consisted only of advisory services associated with property taxes.

Re-Appointment of Trustee

Pursuant to our trust indenture, unitholders are required to re-appoint Valiant Trust Company or appoint a successor trustee at every third annual meeting of unitholders. Management is soliciting proxies, in the accompanying form of proxy, in favour of the re-appointment of Valiant Trust Company as our trustee, to hold office for a term of three (3) years.

Ratification of Certain Grants under the Trust Unit Rights Incentive Plan

In connection with the formation of Baytex Energy Trust in 2003, the Unitholders approved the adoption of a Trust Unit Rights Incentive Plan (the "Incentive Plan") pursuant to which rights to acquire trust units ("Incentive Rights") may be granted to the directors, officers, employees and other service providers of Baytex (collectively, "Service Providers"). The Incentive Plan was amended in both 2005 and 2007 with the approval of our Unitholders. For a complete description of the Incentive Plan, see "Executive Compensation – Trust Unit Rights Incentive Plan".

On May 11, 2005, the Unitholders approved an amendment to the Incentive Plan to change the maximum number of trust units that could be issued under the plan from a fixed number to 10% of the number of issued and outstanding trust units (on a non-diluted basis) at the relevant time. This type of plan is referred to as a "reloading plan" under the rules of the Toronto Stock Exchange.

The rules of the Toronto Stock Exchange require that all unallocated rights, options or other entitlements under "reloading plans" be approved by an issuer's directors and equity security holders every three years (i.e., in the case of the Incentive Plan, by May 11, 2008). As such approval was not sought in a timely manner, the rules of the Toronto Stock Exchange require that any Incentive Rights granted under the Incentive Plan on or after May 11, 2008 be ratified by Unitholders.

At the meeting, Unitholders will be asked to pass an ordinary resolution ratifying the granting of all Incentive Rights during the period from May 11, 2008 to March 31, 2009. The following table summarizes the grants that Unitholders are being asked to ratify:

Type of Service Provider
Non-management Directors
Officers

E m p l o y e e s

C o n s u l t a n t s

Total

Each of these grants has a five-year term with the holder's entitlement vesting as to one-third on each of the first, second and third anniversaries of the grant date. If the Unitholders do not approve the ordinary resolution, all Incentive Rights granted on or after May 11, 2008 will be cancelled.

Text of Resolution

At the meeting, Unitholders will be asked to consider and, if thought fit, to pass an ordinary resolution in the form set forth below to ratify the Incentive Rights granted since May 11, 2008:

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE UNITHOLDERS OF BAYTEX ENERGY TRUST THAT:

1. The 2,610,950 Incentive Rights with a weighted average grant price of \$17.78 per Incentive Right granted to 395 Service Providers during the period from May 11, 2008 to March 31, 2009 are hereby ratified and approved.
2. Any director or officer of Baytex Energy Ltd. is authorized and directed to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the foregoing resolution.

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by Unitholders at the meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy

and not expressly directed to the contrary in the form of proxy, to vote those proxies in favour of the above resolution.

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Approval of Unallocated Rights Under and Amendments to the Trust Unit Rights Incentive Plan

In connection with the formation of Baytex Energy Trust in 2003, the Unitholders approved the adoption of the Incentive Plan. The Incentive Plan was amended in both 2005 and 2007 with the approval of our Unitholders. For a complete description of the Incentive Plan, see "Executive Compensation – Trust Unit Rights Incentive Plan".

In 2005, the Incentive Plan was amended (with the approval of the Unitholders) to change the maximum number of trust units that could be issued under the plan from a fixed number to 10% of the number of issued and outstanding trust units (on a non-diluted basis) at the relevant time. This type of plan is referred to as a "reloading plan" under the rules of the Toronto Stock Exchange.

Pursuant to the rules of the Toronto Stock Exchange, all unallocated rights, options or other entitlements under "reloading plans" must be approved by an issuer's directors and equity security holders every three years. As a result, Unitholders will be asked at the meeting to pass an ordinary resolution to approve all unallocated Incentive Rights under the Incentive Plan.

The Incentive Plan is an important component of the compensation program at Baytex. In order to attract and retain qualified staff in a competitive marketplace, it is imperative that Baytex have a long-term incentive plan, such as the Incentive Plan. The Incentive Plan also aligns the interests of Service Providers with Unitholders as it provides an incentive for these Service Providers to maximize total unitholder return.

If the ordinary resolution is passed at the meeting, we will be required to seek similar approval from the Unitholders no later than May 20, 2012. If the Unitholders do not approve the ordinary resolution, all unallocated Incentive Rights outstanding as of the date of the meeting will be cancelled and we will not be permitted to grant further Incentive Rights under the Incentive Plan (including in respect of currently outstanding Incentive Rights which are subsequently cancelled) until such time as the required Unitholder approval has been obtained in the future. In such case, all Incentive Rights that have been allocated and granted as of the date of the meeting that have not yet been exercised will continue unaffected in accordance with their current terms.

As of March 31, 2009, there were 8,519,410 Incentive Rights outstanding (including the 2,610,950 Incentive Rights that were granted subject to Unitholder approval), representing 8.65% of the issued and outstanding trust units on that date, leaving 1,328,459 trust units (representing 1.35% of the issued and outstanding Trust Units on that date) reserved and available for issuance upon the exercise of Incentive Rights that may be granted in the future.

Effective March 9, 2009, our Board unanimously approved, subject to the approval of Unitholders and the TSX, the following amendments to the Incentive Plan:

- the addition of a limitation specifying that the value of Incentive Rights that can be granted to any one non-management director during a calendar year cannot exceed \$100,000;
- to permit the exercise price of Incentive Rights to be established in U.S. dollars, based on the trading price of our trust units on the New York Stock Exchange;
- the modification of the exercise price adjustment mechanism to specifically exclude adjustments for a distribution of trust units pursuant to our trust indenture that is followed by a consolidation of the trust units;
- to permit the Board to delegate the administration of the Incentive Plan (or any part thereof) to a committee of the Board and to permit the Board (or its delegatee) to delegate the administration of the Incentive Plan (or any part thereof) to the Chief Executive Officer of Baytex pursuant to rules of procedure fixed by the Board or its

committee, as applicable;

- to require the approval of Unitholders for the following types of amendments to the Incentive Plan or any Incentive Rights granted under the Incentive Plan: (a) the reduction of the exercise price of any outstanding Incentive Rights (previously this was only required for Incentive Rights held by insiders); (b) the cancellation and re-issuance of any Incentive Rights granted pursuant to the Incentive Plan; (c) the extension of the expiry date of any outstanding Incentive Rights (previously this was only required for Incentive Rights held by insiders); (d) any increase in the limits regarding the participation of non-management directors under the Incentive Plan; and (e) the re-introduction of non-management directors as participants under the Incentive Plan;
- to permit the conditional exercise of Incentive Rights in anticipation of the occurrence of a "change of control"; and
- to permit the exchange of Incentive Rights for similar securities of a "new entity" in the event of a capital reorganization, amalgamation, merger or sale of substantially all of our assets, subject to the receipt of all required regulatory and unitholder approvals.

In addition, the Board approved certain other housekeeping amendments that do not require the approval of Unitholders. The TSX has conditionally approved the amendments to the Incentive Plan. A copy of the Incentive Plan, as amended, is accessible on the SEDAR website at www.sedar.com (filed on March 26, 2009 under the filing category Security holders documents).

The Board has determined that the continuation of the Incentive Plan and the amendments to the Incentive Plan are in the best interests of Baytex Energy Trust and its Unitholders and unanimously recommends that Unitholders vote in favour of the resolution outlined below.

Text of Resolution

At the meeting, Unitholders will be asked to consider and, if thought fit, to pass an ordinary resolution in the form set forth below to approve the unallocated Incentive Rights under the Incentive Plan and certain amendments to the Incentive Plan:

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE UNITHOLDERS OF BAYTEX ENERGY TRUST THAT:

1. All unallocated rights to acquire trust units of Baytex Energy Trust under its Trust Unit Rights Incentive Plan (the "Incentive Plan") are hereby approved and authorized until May 20, 2012.
2. The amendments to the Incentive Plan, as described in the Information Circular - Proxy Statement of Baytex Energy Trust dated April 16, 2009, with such other conforming changes as the Board of Directors of Baytex Energy Ltd. considers necessary or appropriate, are hereby approved.
3. Any director or officer of Baytex Energy Ltd. is authorized and directed to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the foregoing resolution.

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by Unitholders at the meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies in favour of the above resolution.

DIRECTOR COMPENSATION

Our Board, through its Compensation Committee, is responsible for the development and implementation of a compensation plan for the directors of Baytex who are not also officers of Baytex (the "independent directors"). Officers of Baytex who are also directors are not paid any compensation for acting as a director.

The main objectives of our directors' compensation plan are: (a) to attract and retain the services of the most qualified individuals; (b) to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that approximates the median compensation paid to directors of a peer group of energy trusts; and (c) to align the interests of directors with the Unitholders. To meet and maintain these objectives, the Compensation Committee annually performs a review of the compensation plan, which includes surveying the compensation paid to directors of a peer group of energy trusts (see "Compensation Discussion and Analysis" for a listing of the peer group members). The Compensation Committee recommends any changes to the compensation plan to the Board for consideration and, if deemed appropriate, approval. The Compensation Committee did not recommend (and the Board did not approve) any changes to the cash retainers and fees for 2008 or 2009 (other than the establishment of an additional annual retainer of \$20,000 for the position of Lead Independent Director in February 2009).

The following table sets forth the principal elements of the compensation plan for the year ended December 31, 2008. In addition, independent directors were reimbursed for any expenses incurred to attend a board or committee meeting.

Compensation Element	Amount (\$)
Board Retainer - Annual	30,000
Additional Chair Retainers – Annual:	
Board	20,000
Audit	20,000
Compensation	5,000
Nominating and Governance	5,000
Reserves	5,000
Meeting Attendance Fee	1,500

Independent directors are also eligible to receive Incentive Rights granted under our Incentive Plan, provided that the aggregate number of Incentive Rights granted to independent directors cannot exceed 1% of the issued and outstanding trust units (plus the number of trust units that may be issued on the exchange of any outstanding exchangeable shares). At the meeting, Unitholders will be asked to approve certain amendments to the Incentive Plan, including the addition of a limitation specifying that the value of Incentive Rights that can be granted to any one non-management director during a calendar year cannot exceed \$100,000. See "Matters to be Acted Upon at the Meeting – Approval of Unallocated Rights Under and Amendments to the Trust Unit Rights Incentive Plan". As at December 31, 2008, the independent directors held an aggregate of 352,000 Incentive Rights, which represents 0.36% of the issued and outstanding trust units as at such date. For information regarding the outstanding Incentive Rights held by the independent directors, see "Outstanding Option-based and Share-based Awards" and "Incentive Plan Awards – Value Vested or Earned during the Year" below.

The following table sets forth the cash retainers and fees that were paid to each of our independent directors during the year ended December 31, 2008. Directors' fees are paid on a quarterly basis.

Name	Board Retainer (\$)	Chair of Board Retainer (\$)	Committee Chair Retainer (\$)	Meeting Attendance Fees (\$)	Total Fees Earned (\$)
John A. Brussa	30,000	-	5,000	15,000	50,000
Edward Chwyl	30,000	20,000	5,000	13,500	68,500

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Naveen Dargan	30,000	-	20,000	21,000	71,000
R. E. T. (R u s t y) Goepel	30,000	-	-	13,500	43,500
G r e g o r y K . Melchin(1)	22,500	-	-	9,000	31,500
Dale O. Shwed	30,000	-	5,000	16,500	51,500

Note:

(1) Mr. Melchin was elected as a director of Baytex on May 20, 2008.

Summary Compensation Table

The following table sets forth the total compensation paid to the independent directors for the year ended December 31, 2008.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards(1)(2) (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John A. Brussa(3)	50,000	-	29,550	-	-	-	79,550
Edward Chwyl	68,500	-	29,550	-	-	-	98,050
Naveen Dargan	71,000	-	29,550	-	-	-	100,550
R.E.T. (Rusty) Goepel	43,500	-	29,550	-	-	-	73,050
Gregory K. Melchin	31,500	-	179,550	-	-	-	211,050
Dale O. Shwed	51,500	-	29,550	-	-	-	81,050

Notes:

- (1) Pursuant to our Incentive Plan, each independent director was granted Incentive Rights to acquire 15,000 trust units at a price of \$17.97 per unit on October 16, 2008. A binomial lattice model was used to calculate the estimated fair value of these rights. The following assumptions were used for the calculation: expected annual exercise price reduction of \$2.64; expected volatility of 29.1%; and risk-free interest rate of 3.29%. The model calculates the fair values based on an optimal strategy, resulting in various expected lives for the Incentive Rights, subject to the maximum term of five years permitted under our Incentive Plan. The amounts shown in the table above for these grants were calculated by multiplying the number of Incentive Rights granted by the estimated fair value of \$1.97 per right.
- (2) Pursuant to our Incentive Plan, Mr. Melchin was granted Incentive Rights to acquire 30,000 trust units at a price of \$28.21 per unit on May 20, 2008 (the date he was first elected a director). A binomial lattice model was used to calculate the estimated fair value of these rights. The following assumptions were used for the calculation: expected annual exercise price reduction of \$2.64; expected volatility of 27.7%; and risk-free interest rate of 3.22%. The model calculates the fair values based on an optimal strategy, resulting in various expected lives for the Incentive Rights, subject to the maximum term of five years permitted our Incentive Plan. The amount shown in the table above for this grant was calculated by multiplying the number of Incentive Rights granted by the estimated fair value of \$5.00 per right.
- (3) Mr. Brussa is a partner at the law firm of Burnet, Duckworth & Palmer LLP, which receives fees for the provision of legal services to Baytex and Baytex Energy Trust.

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Outstanding Option-based and Share-based Awards

The following table sets forth for each independent director all option-based and share-based awards outstanding as at December 31, 2008.

Name	Number of securities underlying unexercised options (#)	Option-based Awards Option exercise price(1)			Option expiration date	Value of unexercised in-the-money options(2) (\$)	Share-based Awards	
		At Grant Date (\$)	At Year-end (\$)	Number of shares or units of shares that have not vested (#)			Market or payout value of share-based awards that have not vested (\$)	
John A. Brussa	15,000				Oct. 16, 2013	175,300	-	-
	12,000	17.97	17.41					
	10,000	19.58	16.65		Nov. 12, 2012			
	10,000	22.51	17.18		Oct. 2, 2011			
		15.17	7.87		Oct. 24, 2010			
		12.75	3.90		Dec. 13, 2009			
Edward Chwyl	15,000				Oct. 16, 2013	262,950	-	-
	18,000	17.97	17.41		Nov. 12, 2012			
	15,000	19.58	16.65		Oct. 2, 2011			
	15,000	22.51	17.18		Oct. 24, 2010			
		15.17	7.87		Oct. 24, 2010			
		12.75	3.90		Dec. 13, 2009			
Naveen Dargan	15,000							
	12,000	17.97						
	12,000	19.58						
	10,000							
	10,000							