

**PENN WEST ENERGY TRUST**

**SIGNIFICANT DIFFERENCES IN PENN WEST'S CORPORATE GOVERNANCE PRACTICES COMPARED TO NYSE CORPORATE GOVERNANCE STANDARDS**

As a Canadian trust listed on the New York Stock Exchange ("NYSE"), Penn West 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, Penn West must disclose the significant difference between its corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE corporate governance standards.

Penn West'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 United States Securities and Exchange Commission to give effect to the provisions of the United States Sarbanes-Oxley Act of 2002.

We expect that further information about Penn West's corporate governance practices will be included in Penn West's Information Circular in respect of its future Annual Meetings of Unitholders.

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

**Internal Audit Function.**

Section 303A.07(d) of the NYSE's Listed Company Manual requires a listed company to have an internal audit. Penn West does not currently have such a function, but it is considering whether or not to create one.

**Approval of Equity Compensation Plans**

Section 303A.08 of the NYSE's Listed Company Manual requires unitholder approval of all equity compensation plans and material revisions to such plans. The definition of "equity compensation plans" covers plans that provide for the delivery of both newly issued and treasury securities, as well as plans that rely on securities re-acquired in the open market by the issuing company for the purpose of redistribution to employees and directors. The TSX rules provide that only the creation of or material amendments to equity compensation plans that provide for new issuances of securities are subject to unitholder approval. Penn West follows the TSX rules with respect to the requirements for unitholder approval of equity compensation plans and material revisions to such plans.

**Independence Standards**

The Penn West Board of Directors is responsible for determining whether or not each director is independent. In making this determination, the Board has adopted the definition of "independence" as set forth in National Instrument 58-101 Disclosure of Corporate Governance Practices. In applying this definition, the Board considers all relationships of the directors with Penn West, including business, family and other relationships. Penn West's Board of Directors also determines whether each member of Penn West's Audit Committee is independent pursuant to Multilateral Instrument 52-110 Audit Committees and Rule 10A-3 of the Securities Exchange Act of 1934. Penn West's Board of Directors has not adopted the director independence standards contained in Section 303A.02 of the NYSE's Listed Company Manual.

**Membership on Multiple Audit Committees**

Section 303A.07 of the NYSE's Listed Company Manual requires that if an audit committee member simultaneously serves on the audit committees of more than three public companies, and if the listed company does not limit the number of audit committees on which its audit committee members may serve to three or less, the Board of Directors of the listed company must determine that such simultaneous service would not impair the ability of the audit committee member to effectively serve on the listed company's audit committee, and must publicly disclose such determination. James C. Smith, a member of Penn West's audit committee, serves on the audit committees of more than three public companies. Penn West's Board of Directors has determined that such simultaneous service would not impair Mr. Smith's ability to effectively serve on Penn West's audit committee.

Frank Potter, another member of Penn West's audit committee, also serves on the audit committee of more than three public companies. Penn West's Board of Directors has not yet made a determination as to whether or not such simultaneous service would impair the ability of Mr. Potter to effectively serve on Penn West's audit committee.

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