

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

AEP INDUSTRIES INC

CIK: **785787** | IRS No.: **221916107** | State of Incorpor.: **DE** | Fiscal Year End: **1031**
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **July 31, 2006**

AEP INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction
of incorporation)

0-14450

(Commission
File Number)

22-1916107

(I.R.S. Employer
Identification No.)

125 Phillips Avenue, South Hackensack, New Jersey

(Address of principal executive offices)

07606

(Zip Code)

Registrant's telephone number, including area code **(201) 641-6600**

(Former name or former address, if changed since last report) **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into A Material Definitive Agreement.

On August 1, 2006, AEP Industries Inc. (the "Company") entered into a Purchase Agreement, dated as of such date (the "Purchase Agreement"), by and among the Company, AEP Industries Finance Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Buyer"), Third Point LLC, a Delaware limited liability company ("Third Point"), Daniel S. Loeb, managing member of Third Point, and certain funds advised or managed by Third Point owning shares of common stock of the Company (collectively, "Sellers"). Pursuant to the terms of the Purchase Agreement, Sellers agreed to sell to the Company and Buyer an aggregate of 850,000 shares of common stock of the Company for an aggregate purchase price of \$30,600,000 in cash (representing a per-share purchase price of \$36.00). The

repurchase, which closed on August 2, 2006 with respect to 505,000 shares and on August 3, 2006 with respect to the remaining 345,000 shares, reduces Third Point's, Mr. Loeb's and Sellers' beneficial ownership of the Company's common stock from approximately 23% to approximately 15%. Under the Purchase Agreement, Third Point, Mr. Loeb and Sellers also agreed, for a period of two years from the second closing date, among other things, not to directly or indirectly acquire any voting securities of the Company, engage in any proxy solicitations with respect to the Company, seek to control the Company or influence its policies or assist or encourage others to take any of the foregoing actions.

Under the Purchase Agreement, the Sellers also requested that the Company file a registration statement with respect to the Sellers' remaining shares in accordance with the Company's obligations under the Agreement, dated as of February 4, 2005 (the "Third Point Agreement"), by and among the Company, Sellers, Bradley Louis Radoff ("Mr. Radoff") and J. Brendan Barba ("Mr. Barba"). The Third Point Agreement is set forth on Exhibit 99.1 to the Company's Current Report on Form 8-K, filed February 10, 2005.

In connection with the repurchase transactions, the Company also entered into a Termination and Amendment Agreement, dated as of August 2, 2006 (the "Termination and Amendment Agreement"), by and among the Company, Third Point, Sellers, Mr. Radoff and Mr. Barba, which terminates the right of Sellers under the Third Point Agreement to designate up to two persons to be appointed and elected to the Board of Directors of the Company.

In addition, on July 31, 2006, the Company entered into an amendment to the Loan and Security Agreement with Wachovia Bank N.A. (successor to Congress Financial Corporation), as initial lender thereunder and as agent for the lenders thereunder (the "Amendment to Loan and Security Agreement"), in connection with the repurchase transactions specified above. The Amendment to Loan and Security Agreement, among other things, increases the Company's "basket" for dividends, stock repurchases and certain redemptions and repayments of indebtedness to \$75 million from \$50 million for the Company's fiscal year ending October 31, 2006.

The Purchase Agreement, Termination and Amendment Agreement and Amendment to Loan and Security Agreement are filed as Exhibits 10.1, 10.2 and 10.3 hereto, respectively, and are hereby incorporated herein by reference. A copy of the press release announcing the repurchase transactions is attached as Exhibit 99.1 hereto.

Item 8.01 Other Events.

On August 1, 2006, the Company also announced that its Board of Directors authorized a stock repurchase program under which the Company may purchase up to \$15 million of its common stock. Repurchases may be made in the open market, in privately negotiated transactions or by other means, from time to time, subject to market conditions, applicable legal requirements and other factors. The program does not obligate the Company to acquire any particular amount of common stock and the program may be suspended at any time at the Company's discretion. A copy of the press release announcing the authorization is attached as Exhibit 99.1 hereto.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Purchase Agreement, dated as of August 1, 2006, by and among AEP Industries Inc., AEP Industries Finance Inc., Third Point LLC, Daniel S. Loeb, and the Third Point affiliated funds party thereto.
10.2	Termination and Amendment Agreement, dated as of August 2, 2006, by and among AEP Industries Inc., Third Point LLC, Bradley Louis Radoff, J. Brendan Barba and the Third Point affiliated funds party thereto.
10.3	Amendment No. 8 to Loan and Security Agreement, dated July 31, 2006, by and among AEP Industries Inc., Wachovia Bank, National Association (successor to Congress Financial Corporation), as Agent, and the financial institutions party thereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AEP INDUSTRIES INC.

(Registrant)

Date: August 3, 2006

By: /s/ Paul M. Feeney

Paul M. Feeney

Executive Vice President, Finance and Chief Financial Officer

EXHIBIT INDEX

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10.3	Amendment No. 8 to Loan and Security Agreement, dated July 31, 2006, by and among AEP Industries Inc., Wachovia Bank, National Association (successor to Congress Financial Corporation), as Agent, and the financial institutions party thereto.
99.1	Joint Press Release dated August 1, 2006.

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 1, 2006 by and among AEP Industries Inc., a Delaware corporation (the "Company"), AEP Industries Finance Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Buyer"), Third Point LLC, a Delaware limited liability company acting as investment manager or adviser to Sellers (as defined below) ("Third Point"), Daniel S. Loeb, managing member of Third Point ("Mr. Loeb"), and Third Point Partners Qualified L.P., a Delaware limited partnership, Third Point Partners L.P., a Delaware limited partnership, Third Point Resources L.P., a Delaware limited partnership, Third Point Offshore Fund, Ltd., a Cayman Islands limited liability exempted company, Third Point Ultra Ltd., a British Virgin Islands limited liability company, and Third Point Resources Ltd., a Cayman Islands limited liability exempted company (collectively, "Sellers").

WHEREAS, Sellers directly own shares of the issued and outstanding common stock, par value \$0.01 per share, of the Company ("Company Shares"); and

WHEREAS, Sellers desire to sell, and Buyer and the Company desire to purchase, free and clear of any and all Liens (as defined herein) an aggregate number of Company Shares having an aggregate purchase price of \$30,600,000 as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants, agreements and representations and warranties contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE: CLOSINGS

Section 1.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, Sellers agree to sell, convey, assign, transfer and deliver to Buyer and the Company, and Buyer and the Company agree to purchase from Sellers, 850,000 Company Shares (the "Purchased Shares"), free and clear of any and all mortgages, pledges, encumbrances, liens, security interests, options, charges, claims, deeds of trust, deeds to secure debt, title retention agreements, rights of first refusal or offer, limitations on voting rights, proxies, voting agreements, limitations on transfer or other agreements or claims of any kind or nature whatsoever (collectively, "Liens"), in such amounts set forth on Schedule I hereto in respect of each Seller.

Section 1.2 Purchase Price. Upon the terms and subject to the conditions of this Agreement, in consideration of the aforesaid sale, conveyance, assignment, transfer and delivery to Buyer and the Company of the Purchased Shares, Buyer and the Company shall pay to Sellers a price per Purchased Share of \$36.00 (the "Purchase Price"), for an aggregate price of \$30,600,000 in cash, in such amounts set forth on Schedule I hereto in respect of each Seller. To effectuate the foregoing, (a) at

the First Closing (as defined below), the Company shall purchase that number of Purchased Shares having an aggregate purchase price of \$18,180,000 and (b) at the Second Closing (as defined below), Buyer shall purchase that number of Purchased Shares having an aggregate purchase price of \$12,420,000, in the case of each of (a) and (b), based upon the Purchase Price.

Section 1.3 Expenses. Except as expressly set forth in this Agreement, all fees and expenses incurred by a party hereto in connection with the matters contemplated by this Agreement shall be borne by the party incurring such fee or expense, including without limitation the fees and expenses of any investment banks, attorneys, accountants or other experts or advisors retained by such party.

Section 1.4 Closings. The consummation of the transactions contemplated by this Agreement (the “Closings”) shall take place at 10:00 a.m., local time, on August 2, 2006 and August 3, 2006 at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York, 10036, or at such other place, date or time as the parties may agree in writing (such dates being the “First Closing Date” and “Second Closing Date”, respectively, and each, a “Closing Date”); provided that the Company’ s and Buyer’ s obligations to consummate the transactions contemplated by this Agreement shall be conditioned on (a) no condition existing on either Closing Date which would prevent the Company from drawing funds under the Loan and Security Agreement, dated November 20, 2001, among the Company, Wachovia Bank (as successor by merger to Congress Financial Corporation), as Agent, and the financial institutions party thereto, as amended or otherwise modified through the date hereof, and (b) no injunction or other order, judgment, law, regulation, decree or ruling or other legal restraint or prohibition having been issued, enacted or promulgated by a court or other governmental authority of competent jurisdiction that would have the effect of prohibiting or preventing the consummation of the transactions contemplated hereunder.

Section 1.5 Closing Deliveries.

(a) At the Closings, in accordance with Section 1.2, Buyer and/or the Company, as applicable, shall deliver or cause to be delivered to Sellers the following:

(i) on the relevant Closing Date, the cash amounts set forth on Schedule I hereto in respect of each Seller, by wire transfer of immediately available funds to such accounts as Third Point on behalf of Sellers has specified in writing prior to such Closing Date; and

(ii) on the First Closing Date, a properly executed termination and amendment agreement in the form attached hereto as Exhibit A (the “Termination and Amendment Agreement”) providing for termination, waiver and release of all of Sellers’ , Third Point’ s and Bradley Louis Radoff’ s (“Mr. Radoff”) rights, interests and claims and the Company’ s and J. Brendan Barba’ s (“Mr. Barba”) obligations pursuant to

Article II of the Agreement, dated as of February 4, 2005, by and among the Company, Sellers, Mr. Radoff and Mr. Barba (the “Third Point Agreement”); provided that, for the avoidance of doubt, the Termination and Amendment Agreement shall not limit or otherwise affect the registration rights set forth in the Third Point Agreement in respect of the Registrable Securities (as defined therein) that are not Purchased Shares.

(b) At the Closings, Sellers shall deliver or cause to be delivered to Buyer and the Company the following:

(i) on the relevant Closing Date, certificates representing the Purchased Shares to be purchased on such Closing Date as set forth on Schedule I hereto in respect of each Seller, duly and validly endorsed or accompanied by stock powers duly and validly executed in blank and sufficient to convey to Buyer and the Company good, valid and marketable title in and to such Purchased Shares, free and clear of any and all Liens; and

(ii) on the First Closing Date, a properly executed Termination and Amendment Agreement in accordance with Section 1.5(a)(ii).

ARTICLE II

COVENANTS

Section 2.1 Standstill.

(a) During the period beginning on the date hereof and ending on the date that is the second anniversary of the Second Closing Date (the “Standstill Period”), except as specifically permitted by the terms of this Agreement, Sellers, Third Point and Mr. Loeb

shall not, and shall cause each of their respective Affiliates (as defined in Section 5.3) not to, acquire, offer or propose to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any (i) Voting Securities (as defined in Section 5.3), or (ii) direct or indirect rights or options to acquire (through purchase, exchange, conversion or otherwise) any Voting Securities.

(b) During the Standstill Period, except upon the express prior written invitation of the Company, Sellers, Third Point and Mr. Loeb shall not, and shall cause each of their respective Affiliates not to, directly or indirectly, singly or as part of a partnership, limited partnership, syndicate or other group (as those terms are used within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which meanings shall apply for all purposes of this Agreement): (i) make, or in any way participate in, any “solicitation” of “proxies” (as such terms are defined or used in Regulation 14A under the Exchange Act) or exempt solicitation under Rule 14a-2(b)(1) or otherwise with respect to any Voting Securities (including by the

execution of actions by written consent), become a “participant” or a “participant in a solicitation” (as such terms are defined or used in Regulation 14A under the Exchange Act) with respect to the Company or otherwise communicate with any stockholder of the Company pursuant to Rule 14a-1(l)(2)(iv) under the Exchange Act; (ii) initiate, propose or otherwise solicit, or participate in the solicitation of, stockholders for the approval of one or more stockholder proposals with respect to the Company, including any proposal made pursuant to Rule 14a-8 under the Exchange Act, or encourage or induce any other individual or entity to initiate any stockholder proposal relating to the Company, or make any demand or request for any list of the holders of Voting Securities; (iii) form, encourage the formation, join or in any way participate in a “group” which owns or seeks or offers to acquire beneficial ownership of Voting Securities or rights to acquire such securities (other than Voting Securities beneficially owned by Sellers, Third Point or Mr. Loeb that are not Purchased Shares) or which seeks or offers to acquire control of the Company or influence its policies; (v) solicit, seek or offer to effect, negotiate with or provide any information to any party with respect to, make any statement or proposal, whether written or oral, either alone or in concert with others, to the board of directors of the Company, to any director or officer of the Company or to any other stockholder of the Company with respect to, or otherwise formulate any plan or proposal or make any public announcement, proposal, offer or filing under the Exchange Act, any similar or successor statute or otherwise, or take action to cause the Company to make any such filing, with respect to: (A) any form of business combination, restructuring, recapitalization, dissolution or similar transaction involving the Company or any Affiliate thereof, including, without limitation, a merger, tender or exchange offer, share repurchase or liquidation of the Company’s assets, (B) any acquisition or disposition of assets material to the Company, (C) any request to amend, waive or terminate the provisions of this Agreement or (D) any proposal or other statement inconsistent with the terms of this Agreement; (vi) otherwise act, alone or in concert with others (including by providing financing for another party), to seek or offer to acquire control of the Company or influence, in any manner, its management, board of directors or policies; or (vii) assist or encourage any third party, whether or not a “group” with such third party, to take any of the actions enumerated in this Section 2.1(b).

Section 2.2 Non-disparagement.

(a) The Company (on its own behalf and on behalf of its directors, officers, subsidiaries and Affiliates and each of their respective successors and assigns (collectively, the “Company Parties”)) agrees that, during the Standstill Period, it shall not (whether directly or indirectly, individually or in concert with others, publicly or privately, orally or in writing) engage in any conduct or make, or cause to be made, any statement, observation or opinion, or communicate any information that is calculated to or is reasonably likely to have the effect of (i) undermining, impugning, disparaging, injuring the reputation of or otherwise in any way reflecting adversely or detrimentally upon any of Sellers, Third Point or Mr. Loeb or their respective Affiliates, successors or assigns (collectively, the “Seller Parties”) or (ii) accusing or implying that any Seller Party engaged in any wrongful, unlawful or improper conduct. The foregoing shall not

apply to any compelled testimony, either by legal process, subpoena or otherwise or to any response to any request for information from any governmental authority having jurisdiction over the Company; provided, however, that in the event that any Company Party is requested pursuant to, or required by, applicable law, regulation or legal process to testify or otherwise respond to a request for information from any governmental authority, the Company shall notify Third Point promptly so that the Seller Parties may seek a protective order or other appropriate remedy. In the event that no such protective order or other remedy is obtained, or any Seller Party waives compliance with the terms of this Section 2.2(a), such Company Party shall furnish only such information which it has been advised by counsel is legally required and will exercise reasonable efforts to obtain reliable assurance that such information will be accorded confidential treatment.

(b) Each of Sellers, Third Point and Mr. Loeb (on its or his own behalf and on behalf of the other Seller Parties) agrees that, during the Standstill Period, it or he shall not (whether directly or indirectly, individually or in concert with others, publicly or privately, orally or in writing) engage in any conduct or make, or cause to be made, any statement, observation or opinion, or communicate any information, including, without limitation, to any member of the press, analyst, governmental or regulatory agency, that is calculated to or is reasonably likely to have the effect of (i) undermining, impugning, disparaging, injuring the reputation of or otherwise in any way reflecting adversely or detrimentally upon any Company Party or (ii) accusing or implying that any Company Party engaged in any wrongful, unlawful or improper conduct; provided, however, that in the event that a Seller Party is requested pursuant to, or required by, applicable law, regulation or legal process to testify or otherwise respond to a request from any governmental authority, Third Point shall notify the Company promptly so that the Company may seek a protective order or other appropriate remedy. In the event that no such protective order or other remedy is obtained, or any Company Party waives compliance with the terms of this Section 2.2(b), such Seller Party shall furnish only such information which it is advised by counsel is legally required and will exercise reasonable efforts to obtain reliable assurance that such information will be accorded confidential treatment.

Section 2.3 Public Announcement; Public Filings.

(a) Upon execution of this Agreement, the Company and Third Point shall issue a joint press release (in substantially the form attached hereto as Exhibit B) with such changes as may be mutually agreed by the Company and Third Point. No party hereto nor any of its respective Affiliates shall issue any press release or make any public statement relating to the transactions contemplated hereby (including, without limitation, any statement to any governmental or regulatory agency or accrediting body) that is inconsistent with, or are otherwise contrary to, the statements in the press release.

(b) Promptly following the date hereof, Third Point will cause to be filed with the Securities and Exchange Commission an amendment to its Schedule 13D filed on February 14, 2005 and prior to filing will provide the Company and its counsel a reasonably opportunity to review and comment upon such amendment.

Section 2.4 Confidentiality. Sellers, Third Point and Mr. Loeb shall not disclose and shall maintain the confidentiality of (and shall cause their respective Affiliates, directors, officers and employees to not disclose and to maintain the confidentiality of) any non-public information which relates to the business, legal or financial affairs of the Company (the "Confidential Information"). Sellers, Third Point and Mr. Loeb shall use at least the same degree of care to safeguard and to prevent the disclosure, publication or dissemination of the Confidential Information as they respectively employ to avoid unauthorized disclosure, publication or dissemination of their own information of a similar nature, but in no case less than reasonable care. In the event that a Seller, Third Point or Mr. Loeb (or any Affiliate, director, officer or employee) is requested or required (by oral question, interrogatory, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, Third Point shall (a) notify the Company promptly so that the Company may seek a protective order or other appropriate remedy and (b) cooperate with the Company in any effort the Company undertakes to obtain a protective order or other remedy. In the event that no such protective order or other remedy is obtained, the applicable party shall disclose to the person compelling disclosure only that portion of the Confidential Information which such party is advised by counsel is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment is accorded the Confidential Information so disclosed.

Section 2.5 Demand Registration. Sellers hereby (a) make a request pursuant to Section 3.2(a) of the Third Point Agreement that the Company file a registration statement under the Securities Act of 1933, as amended (the “Securities Act”) to cover the registration of any and all of Sellers’ Registrable Securities (as defined in the Third Point Agreement) that are not Purchased Shares and (b) represent that there are no Holders (as defined in the Third Point Agreement) other than Sellers and Mr. Radoff who could be entitled to notice from the Company of such request as contemplated by Section 3.2(a), which notice is hereby waived by the holders of Registrable Securities party hereto. The Company acknowledges such registration request and agrees to effect a registration of such Registrable Securities in accordance with the terms, conditions and limitations contained in Article III of the Third Point Agreement. The Company represents, as of the date hereof, that it is not aware of any existing Valid Business Reason (as defined in the Third Point Agreement) that would permit it to postpone filing a registration statement relating to Sellers’ request or, when filed, withdraw and terminate the effectiveness of or postpone amending or supplementing such registration statement under Section 3.2(f) of the Third Point Agreement. Sellers hereby acknowledge that the Company may not be eligible to use Form S-3 to effect such registration.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS, THIRD POINT AND MR. LOEB

Each of Sellers, Third Point and Mr. Loeb hereby makes, jointly and severally with respect to each other such party, the following representations and warranties to Buyer and the Company:

Section 3.1 Existence; Authority. Each of Sellers and Third Point is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each of Sellers, Third Point and Mr. Loeb has all requisite competence, power and authority to execute and deliver this Agreement and the Termination and Amendment Agreement, to perform its or his obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby and has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the Termination and Amendment Agreement.

Section 3.2 Enforceability. This Agreement has been duly and validly executed and delivered by each of Sellers, Third Point and Mr. Loeb and, upon its execution and delivery, the Termination and Amendment Agreement will be duly and validly executed and delivered by Third Point, Mr. Radoff and each Seller party thereto and, assuming due and valid authorization, execution and delivery by Buyer, the Company and/or Mr. Barba, as applicable, this Agreement constitutes, and the Termination and Amendment Agreement will constitute, a legal, valid and binding obligation of each of Sellers, Third Point, Mr. Loeb and/or Mr. Radoff, as applicable, enforceable against each such person in accordance with its terms, except as such enforceability may be affected by bankruptcy, insolvency, moratorium and other similar laws relating to or affecting creditors’ rights generally and general equitable principles.

Section 3.3 Ownership. Each Seller is the sole record and beneficial owner of the Purchased Shares set forth opposite its name on Schedule I hereto, free and clear of any and all Liens. Each Seller has full power and authority to transfer full legal ownership of its respective Purchased Shares to Buyer and the Company, and no Seller is required to obtain the approval of any person or governmental agency or organization to effect the sale of the Purchased Shares. The entire direct or indirect beneficial ownership of Sellers, Third Party and Mr. Loeb or any of their respective Affiliates in the Company is 2,000,000 Company Shares.

Section 3.4 Good Title Conveyed. The stock certificates and stock powers executed and delivered by Sellers at the Closings will be valid and binding obligations of Sellers, enforceable in accordance with their respective terms, and effectively vest in Buyer and the Company good, valid and marketable title to all Purchased Shares, free and clear of any and all Liens.

Section 3.5 Absence of Litigation. There is no suit, action, investigation or proceeding pending or, to the knowledge of any Seller, Third Point or Mr. Loeb, threatened against such party that could impair the ability of any of Sellers, Third Point or Mr. Loeb to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 3.6 Other Acknowledgments.

(a) Each of Sellers, Third Point and Mr. Loeb hereby represents and acknowledges that it or he is a sophisticated investor and that it or he knows that Buyer or the Company may have material Confidential Information concerning the Company and its condition (financial and otherwise), results of operations, businesses, properties, plans and prospects and that such information could be material to Sellers' decision to sell the Purchased Shares or otherwise materially adverse to Sellers' interests. Each of Sellers, Third Point and Mr. Loeb acknowledges and agrees that Buyer and the Company shall have no obligation to disclose to it or him any such information and hereby waives and releases, to the fullest extent permitted by law, any and all claims and causes of action it has or may have against Buyer, the Company and their respective Affiliates, officers, directors, employees, agents and representatives based upon, relating to or arising out of nondisclosure of such information or the sale of the Purchased Shares hereunder.

(b) Each of Sellers, Third Point and Mr. Loeb further represents that it or he has adequate information concerning the business and financial condition of the Company to make an informed decision regarding the sale of the Purchased Shares and has, independently and without reliance upon Buyer or the Company, made its or his own analysis and decision to sell the Purchased Shares. With respect to legal, tax, accounting, financial and other considerations involved in the transactions contemplated by this Agreement, including the sale of the Purchased Shares, none of Sellers, Third Point or Mr. Loeb is relying on Buyer or the Company (or any agent or representative thereof). Each of Sellers, Third Point and Mr. Loeb has carefully considered and, to the extent it or he believes such discussion necessary, discussed with professional legal, tax, accounting, financial and other advisors the suitability of the transactions contemplated by this Agreement, including the sale of the Purchased Shares. Each of Sellers, Third Point and Mr. Loeb acknowledges that none of Buyer or the Company or any of their respective directors, officers, subsidiaries or Affiliates has made or makes any representations or warranties, whether express or implied, of any kind except as expressly set forth in this Agreement.

(c) Sellers, Third Point and Mr. Loeb are "accredited investors" as defined in Rule 501 promulgated under the Securities Act. The sale of the Purchased Shares by Sellers (i) was privately negotiated in an independent transaction and (ii) does not violate any rules or regulations applicable to Sellers.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF
BUYER AND THE COMPANY

Each of Buyer and the Company makes, jointly and severally with respect to each other, the following representations and warranties to Sellers:

Section 4.1 Existence; Authority. Each of Buyer and the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Buyer and/or the Company, as applicable, has all requisite corporate power and authority to execute and deliver this Agreement and the Termination and Amendment Agreement, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and the Termination and Amendment Agreement.

Section 4.2 Enforceability. This Agreement has been duly and validly executed and delivered by Buyer and the Company and, upon its execution and delivery, the Termination and Amendment Agreement will be duly and validly executed and delivered by the Company and Mr. Barba and, assuming due and valid authorization, execution and delivery by Sellers, Third Point, Mr. Loeb and/or Mr. Radoff, as applicable, this Agreement constitutes, and the Termination and Amendment Agreement will constitute, a legal, valid and binding obligation of each of Buyer, the Company and/or Mr. Barba, as applicable, enforceable against it in accordance with its terms, except

as such enforceability may be affected by bankruptcy, insolvency, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles.

Section 4.3 Absence of Litigation. There is no suit, action, investigation or proceeding pending or, to the knowledge of Buyer or the Company, threatened against such party that could impair the ability of Buyer or the Company to perform its obligations hereunder or to consummate the transactions contemplated hereby.

ARTICLE V

MISCELLANEOUS

Section 5.1 Survival. Each of the representations, warranties, covenants, and agreements in this Agreement or pursuant hereto shall survive the Closings. Notwithstanding any knowledge of facts determined or determinable by any party by investigation, each party shall have the right to fully rely on the representations, warranties, covenants and agreements of the other parties contained in this Agreement or in any other documents or papers delivered in connection herewith. Each representation, warranty, covenant and agreement of the parties contained in this Agreement is independent of each other representation, warranty, covenant and agreement. Except as

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expressly set forth in this Agreement, no party has made any representation warranty, covenant or agreement.

Section 5.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given if so given) by hand delivery, cable, telecopy or mail (registered or certified, postage prepaid, return receipt requested) to the respective parties hereto addressed as follows:

If to the Company or Buyer:

c/o AEP Industries Inc.
125 Phillips Avenue
South Hackensack, New Jersey 07606
Attn: Paul Feeny
Facsimile: (201) 807-6801

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attn: Richard J. Grossman
Sal Guerrero
Facsimile: (212) 735-2000

If to any Seller, Third Point or Mr. Loeb:

c/o Third Point LLC
390 Park Avenue
18th Floor
New York, New York 10022
Attn: Operations
Facsimile: (212) 224-7401

With a copy to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attn: Michael A. Schwartz
Facsimile: (212) 728-9267

Section 5.3 Certain Definitions. As used in this Agreement, (a) the term “Affiliate” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include persons who become Affiliates of any person subsequent to the date

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hereof; (b) the term “Voting Securities” shall mean the Company Shares and any other securities of the Company entitled to vote in the election of directors, or securities convertible into, or exercisable or exchangeable for, securities of the Company entitled to vote in the election of directors, whether or not subject to the passage of time or other contingencies; and (c) the Company, Buyer, Third Point, Mr. Loeb and each Seller will be referred to herein individually as a “party” and collectively as “parties.”

Section 5.4 Specific Performance. Each of Buyer and the Company, on the one hand, and Sellers, Third Point and Mr. Loeb, on the other hand, acknowledge and agree that the other would be irreparably injured by a breach of this Agreement and that money damages are an inadequate remedy for an actual or threatened breach of this Agreement. Accordingly, the parties agree to the granting of specific performance of this Agreement and injunctive or other equitable relief as a remedy for any such breach or threatened breach, without proof of actual damages, and further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement, but shall be in addition to all other remedies available at law or equity.

Section 5.5 No Waiver. Any waiver by any party hereto of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. The failure of a party hereto to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

Section 5.6 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding. The parties agree that the court making any such determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of, delete specific words or phrases in, or replace any such invalid or unenforceable provision with one that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

Section 5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that this Agreement (and any of the rights, interests or obligations of any party hereunder) may not be assigned by any party without the prior written consent of the other parties hereto, such consent not to be unreasonably withheld. Any purported assignment of a party’s rights under this Agreement in violation of the preceding sentence shall be null and void.

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Section 5.8 Entire Agreement; Amendments. This Agreement (including any Schedules and Exhibits hereto) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and, except as expressly set forth herein, is

not intended to confer upon any person other than the parties hereto any rights or remedies hereunder. This Agreement may be amended only by a written instrument duly executed by the parties hereto or their respective permitted successors or assigns.

Section 5.9 Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 5.10 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to choice of law principles thereof that would cause the application of the laws of any other jurisdiction.

Section 5.11 Submission to Jurisdiction. Each of the parties irrevocably submits to the exclusive jurisdiction and service and venue in any federal or state court sitting in the State of Delaware for the purposes of any action, suit or proceeding arising out of or with respect to this Agreement. Each of the parties irrevocably and unconditionally waives any objections to the laying of venue of any action, suit or proceeding relating to this Agreement in any federal or state court sitting in the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY.

Section 5.12 Counterparts; Facsimile. This Agreement may be executed in counterparts, including by facsimile or PDF electronic transmission, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

Section 5.13 Further Assurances. Upon the terms and subject to the conditions of this Agreement, each of the parties hereto agrees to execute such additional documents, to use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate or make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

Section 5.14 Interpretation. The parties acknowledge and agree that this Agreement has been negotiated at arm's length and among parties equally sophisticated and knowledgeable in the matters covered hereby. Accordingly, any rule of law or legal

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decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is hereby waived.

[SIGNATURE PAGES FOLLOW]

13

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

AEP INDUSTRIES INC.

By: /s/ PAUL M. FEENEY

Name: Paul M. Feeney

Title: Executive Vice President, Finance and
Chief Financial Officer

AEP INDUSTRIES FINANCE INC.

By: /s/ PAUL M. FEENEY

Name: Paul M. Feeney

Title: Vice President and
Chief Financial Officer

THIRD POINT LLC

By: /s/ KEITH WALLER

Name: Keith Waller

Title: Managing Director Operations
Third Point LLC

DANIEL S. LOEB

/s/ DANIEL S. LOEB

Name: Daniel S. Loeb

THIRD POINT PARTNERS QUALIFIED L.P.

By: Third Point Advisors LLC, its general
partner

By: /s/ KEITH WALLER

Name: Keith Waller

Title: Managing Director Operations
Third Point LLC

[Purchase Agreement]

THIRD POINT PARTNERS L.P.

By: Third Point Advisors LLC, its general
partner

By: /s/ KEITH WALLER

Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT RESOURCES L.P.

By: Third Point Advisors LLC, its general
partner

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT OFFSHORE FUND, LTD.

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT ULTRA LTD.

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT RESOURCES LTD.

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

[Purchase Agreement]

Purchased Shares; Payments

Cert. #	Name of Seller	# of Purchased Shares to be delivered by Seller at First Closing	Payment to be made to Seller at First Closing	# of Purchased Shares to be delivered by Seller at Second Closing	Payment to be made to Seller at Second Closing	Total # of Purchased Shares beneficially owned by Seller	Total payment to be made to Seller in consideration of Purchased Shares
–	Third Point Partners Qualified L.P.	–	–	–	–	–	–
AEP 8135	Third Point Partners L.P.	140,000	\$ 5,040,000	50,000	\$ 1,800,000	190,000	\$ 6,840,000
AEP 8136	Third Point Offshore Fund, Ltd.	262,400	\$ 9,446,400	250,000	\$ 9,000,000	512,400	\$ 18,446,400
AEP 8137	Third Point Ultra Ltd.	40,000	\$ 1,440,000	45,000	\$ 1,620,000	85,000	\$ 3,060,000
AEP 8138	Third Point Resources L.P.	25,300	\$ 910,800	–	–	25,300	\$ 910,800
AEP 8139	Third Point Resources Ltd.	37,300	\$ 1,342,800	–	–	37,300	\$ 1,342,800
	TOTAL	<u>505,000</u>	<u>\$ 18,180,000</u>	<u>345,000</u>	<u>\$ 12,420,000</u>	<u>850,000</u>	<u>\$ 30,600,000</u>

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EXHIBIT AForm of Termination and Amendment Agreement

TERMINATION AND AMENDMENT AGREEMENT

This Termination and Amendment Agreement (this “Agreement”) is made and entered into as of August [], 2006 by and among AEP Industries Inc., a Delaware corporation (the “Company”), J. Brendan Barba (“Mr. Barba”), Bradley Louis Radoff (“Mr. Radoff”) and Third Point Partners Qualified L.P., a Delaware limited partnership, Third Point Partners L.P., a Delaware limited partnership, Third Point Resources L.P. (formerly Banzai Partners L.P.), a Delaware limited partnership, Third Point Offshore Fund, Ltd., a Cayman Islands limited liability exempted company, Third Point Ultra Ltd. (formerly Points West International Investments Ltd.), a British Virgin Islands limited liability company, Third Point Resources Ltd. (formerly Banzai Offshore Fund, Ltd.), a Cayman Islands limited liability exempted company (together with Mr. Radoff, “Sellers”), and Third Point LLC, a Delaware limited liability company (“Third Point”).

WITNESSETH

WHEREAS, the Company, Sellers (other than Mr. Radoff) and Third Point have entered into a Purchase Agreement (the “Purchase Agreement”), made and entered into as of August 1, 2006, by and among the Company, AEP Industries Finance Inc. (“Buyer”), a Delaware corporation and a wholly owned subsidiary of the Company, Sellers (other than Mr. Radoff), Third Point and Daniel S. Loeb, managing member of Third Point, pursuant to which Sellers (other than Mr. Radoff) will sell, and Buyer and the Company will purchase, an aggregate number of shares of common stock, par value \$0.01 per share, of the Company having an aggregate purchase price of \$30,600,000 as determined therein;

WHEREAS, the Purchase Agreement requires that the Company, Buyer and Sellers (other than Mr. Radoff) effect the termination of certain governance related rights of Sellers and Third Point and obligations of the Company and Mr. Barba under Article II of the Agreement (the “Third Point Agreement”), dated as of February 4, 2005, by and among the Company, Sellers and Mr. Barba; and

WHEREAS, the Company, Mr. Barba, Sellers and Third Point each desire to effect such termination in accordance with Section 6.2(a) of the Third Point Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Termination and Amendment. The Third Point Agreement is hereby amended by deleting Article II in its entirety. Each of Sellers and Third Point (for itself and each of its Affiliates) hereby unconditionally, irrevocably and forever (a)

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waives any and all of its rights, interests and claims that it ever had, now has or ever may have or claim to have against Mr. Barba and the Company (including its successors and assigns and any of its present or former directors, officers, employees or agents) pursuant to such Article and (b) releases and discharges Mr. Barba and the Company (including its successors and assigns and any of its present or former directors, officers, employees or agents) from any and all obligations of any kind or character whatsoever thereunder. Except as expressly amended hereby, the Third Point Agreement shall remain in full force and effect. For the avoidance of doubt, the parties hereto do not intend that this Agreement should limit or otherwise affect the registration rights set forth in Article III of the Third Point Agreement in respect of the Registrable Securities (as defined therein) that are not Purchased Shares (as defined in the Purchase Agreement), which registration rights shall remain in effect in accordance with the terms of the Third Point Agreement.

Section 2. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to choice of law principles thereof that would cause the application of the laws of any other jurisdiction. Each of the parties irrevocably submits to the exclusive jurisdiction and service and venue in any federal or state court sitting in the State of Delaware for the purposes of any action, suit or proceeding arising out of or with respect to this Agreement. Each of the parties irrevocably and unconditionally waives any objections to the laying of venue of any action, suit or proceeding relating to this Agreement in any federal or state court sitting in the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

AEP INDUSTRIES INC.

By: _____

Name:

Title:

THIRD POINT LLC

By: _____

Name:

Title:

THIRD POINT PARTNERS QUALIFIED L.P.

By: Third Point Advisors LLC, its general
partner

By: _____

Name:

Title:

THIRD POINT PARTNERS L.P.

By: Third Point Advisors LLC, its general
partner

By: _____

Name:

Title:

[Termination and Amendment Agreement]

THIRD POINT RESOURCES L.P.

By: Third Point Advisors LLC, its general
partner

By: _____

Name:

Title:

THIRD POINT OFFSHORE FUND, LTD.

By: _____

Name:

Title:

THIRD POINT ULTRA LTD.

By: _____

Name:

Title:

THIRD POINT RESOURCES LTD.

By: _____

Name:

Title:

BRADLEY LOUIS RADOFF

Name: Bradley Louis Radoff

[Termination and Amendment Agreement]

J. BRENDAN BARBA

Name: J. Brendan Barba

[Termination and Amendment Agreement]

Form of Joint Press Release**AEP Industries Inc. and Third Point LLC Announce Stock Repurchase Agreement**

AEP Industries Inc. Announces Separate \$15 Million Stock Repurchase Program

SOUTH HACKENSACK, N.J. and NEW YORK, N.Y., August 1, 2006. AEP Industries Inc. (Nasdaq: AEPI, the “Company”) and Third Point LLC (“Third Point”) today announced they have entered into an agreement whereby the Company will repurchase 850,000 of its common shares from investment funds affiliated with Third Point in a privately negotiated transaction at \$36 per share for a total purchase price of \$30.6 million. The price per share represents a discount of 19.4% to yesterday’s closing price of the Company’s common stock.

Brendan Barba, Chairman and Chief Executive Officer of the Company, commented, “This transaction enables us to make attractive use of our capital to acquire a meaningful block of Company shares at a favorable price. The repurchase should be immediately accretive to earnings per share.”

The repurchase, which is expected to close in the next several days, will reduce Third Point’s beneficial ownership of the Company’s common stock from approximately 23% to approximately 15%. Pursuant to the purchase agreement, Third Point and its affiliates will be bound by a two-year standstill provision and their rights to appoint up to two members of the board of directors of the Company will terminate. Under a previous agreement with the Company, Third Point has requested that the Company register its remaining shares. The Company will take immediate steps to comply with this request.

Authorization of Stock Repurchase Program

The Company separately announced that its Board of Directors has authorized a stock repurchase program under which the Company may purchase up to \$15 million of its common stock. Repurchases would be made in the open market, in privately negotiated transactions or by other means, from time to time, subject to market conditions, applicable legal requirements and other factors. The program does not obligate the Company to acquire any particular amount of common stock and the program may be suspended at any time at the Company’s discretion.

AEP Industries Inc. manufactures, markets, and distributes an extensive range of plastic packaging products for the food/beverage, industrial and agricultural markets. The Company has operations in three countries in North America and Europe.

Except for historical information contained herein, statements in the release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private

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Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company’s actual results in future periods to differ materially from forecasted results. Those risks include, but are not limited to, risks associated with pricing, volume, cash flow guidance, fluctuations in exchange rates and conditions of markets. Those and other risks are described in the Company’s filings with the Securities and Exchange Commission (the “SEC”) over the last 12 months, copies of which are available from the SEC or may be obtained from the Company.

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TERMINATION AND AMENDMENT AGREEMENT

This Termination and Amendment Agreement (this "Agreement") is made and entered into as of August 2, 2006 by and among AEP Industries Inc., a Delaware corporation (the "Company"), J. Brendan Barba ("Mr. Barba"), Bradley Louis Radoff ("Mr. Radoff") and Third Point Partners Qualified L.P., a Delaware limited partnership, Third Point Partners L.P., a Delaware limited partnership, Third Point Resources L.P. (formerly Banzai Partners L.P.), a Delaware limited partnership, Third Point Offshore Fund, Ltd., a Cayman Islands limited liability exempted company, Third Point Ultra Ltd. (formerly Points West International Investments Ltd.), a British Virgin Islands limited liability company, Third Point Resources Ltd. (formerly Banzai Offshore Fund, Ltd.), a Cayman Islands limited liability exempted company (together with Mr. Radoff, "Sellers"), and Third Point LLC, a Delaware limited liability company ("Third Point").

WITNESSETH

WHEREAS, the Company, Sellers (other than Mr. Radoff) and Third Point have entered into a Purchase Agreement (the "Purchase Agreement"), made and entered into as of August 1, 2006, by and among the Company, AEP Industries Finance Inc. ("Buyer"), a Delaware corporation and a wholly owned subsidiary of the Company, Sellers (other than Mr. Radoff), Third Point and Daniel S. Loeb, managing member of Third Point, pursuant to which Sellers (other than Mr. Radoff) will sell, and Buyer and the Company will purchase, an aggregate number of shares of common stock, par value \$0.01 per share, of the Company having an aggregate purchase price of \$30,600,000 as determined therein;

WHEREAS, the Purchase Agreement requires that the Company, Buyer and Sellers (other than Mr. Radoff) effect the termination of certain governance related rights of Sellers and Third Point and obligations of the Company and Mr. Barba under Article II of the Agreement (the "Third Point Agreement"), dated as of February 4, 2005, by and among the Company, Sellers and Mr. Barba; and

WHEREAS, the Company, Mr. Barba, Sellers and Third Point each desire to effect such termination in accordance with Section 6.2(a) of the Third Point Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Termination and Amendment. The Third Point Agreement is hereby amended by deleting Article II in its entirety. Each of Sellers and Third Point (for itself and each of its Affiliates) hereby unconditionally, irrevocably and forever (a) waives any and all of its rights, interests and claims that it ever had, now has or ever may have or claim to have against Mr. Barba and the Company (including its successors and assigns and any of its present or former directors, officers, employees or agents) pursuant to such Article and (b) releases and discharges Mr. Barba and the Company (including its successors and assigns and any of its present or former directors, officers, employees or

agents) from any and all obligations of any kind or character whatsoever thereunder. Except as expressly amended hereby, the Third Point Agreement shall remain in full force and effect. For the avoidance of doubt, the parties hereto do not intend that this Agreement should limit or otherwise affect the registration rights set forth in Article III of the Third Point Agreement in respect of the Registrable Securities (as defined therein) that are not Purchased Shares (as defined in the Purchase Agreement), which registration rights shall remain in effect in accordance with the terms of the Third Point Agreement.

Section 2. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to choice of law principles thereof that would cause the application of

the laws of any other jurisdiction. Each of the parties irrevocably submits to the exclusive jurisdiction and service and venue in any federal or state court sitting in the State of Delaware for the purposes of any action, suit or proceeding arising out of or with respect to this Agreement. Each of the parties irrevocably and unconditionally waives any objections to the laying of venue of any action, suit or proceeding relating to this Agreement in any federal or state court sitting in the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

AEP INDUSTRIES INC.

By: /s/ PAUL M. FEENEY
Name: Paul M. Feeney
Title: Executive Vice President, Finance and
Chief Financial Officer

THIRD POINT LLC

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT PARTNERS QUALIFIED L.P.

By: Third Point Advisors LLC, its general
partner

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT PARTNERS L.P.

By: Third Point Advisors LLC, its general
partner

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

[Termination and Amendment Agreement]

THIRD POINT RESOURCES L.P.

By: Third Point Advisors LLC, its general
partner

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT OFFSHORE FUND, LTD.

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT ULTRA LTD.

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

THIRD POINT RESOURCES LTD.

By: /s/ KEITH WALLER
Name: Keith Waller
Title: Managing Director Operations
Third Point LLC

BRADLEY LOUIS RADOFF

/s/ BRADLEY LOUIS RADOFF

Name: Bradley Louis Radoff

[Termination and Amendment Agreement]

J. BRENDAN BARBA

/s/ J. BRENDAN BARBA

Name: J. Brendan Barba

[Termination and Amendment Agreement]

AMENDMENT NO. 8 TO
LOAN AND SECURITY AGREEMENT

AMENDMENT NO. 8 TO LOAN AND SECURITY AGREEMENT (“Amendment No. 8”) dated July 31, 2006, by and among AEP Industries Inc. (“Borrower”), the parties from time to time to the Loan Agreement (as hereinafter defined) as lenders (each individually, a “Lender” and collectively, “Lenders”) and Wachovia Bank, National Association, successor by merger to Congress Financial Corporation, in its capacity as agent for Lenders (in such capacity, “Agent”).

W I T N E S S E T H

WHEREAS, Agent, Lenders and Borrower have entered into financing arrangements pursuant to which Agent and Lenders have made and may make loans and advances and provide other financial accommodations to Borrower as set forth in the Loan and Security Agreement, dated November 20, 2001, by and among Agent, Lenders and Borrower, as amended by Amendment No. 1 to Loan and Security Agreement dated December 9, 2001, Amendment No. 2 to Loan and Security Agreement dated July 10, 2002, Amendment No. 3 to Loan and Security Agreement dated October 16, 2002, Amendment No. 4 to Loan and Security Agreement dated February 3, 2005, Consent and Amendment No. 5 to Loan and Security Agreement dated as of February 25, 2005, Amendment No. 6 to Loan and Security Agreement dated May 12, 2005 and Amendment No. 7 to Loan and Security Agreement dated October 28, 2005 (as amended hereby and as the same may hereafter be further amended, modified, supplemented, extended, renewed, restated or replaced, the “Loan Agreement”) and the agreements, documents and instruments at any time executed and/or delivered in connection therewith or related thereto (collectively, together with the Loan Agreement, the “Financing Agreements”); and

WHEREAS, Borrower has requested that Agent and Lenders agree to make certain amendments to the Loan Agreement in connection with the proposed purchase by Borrower or its subsidiaries of certain shares of Borrower;

NOW, THEREFORE, in consideration of the mutual conditions and agreements and covenants set forth herein, and for other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Additional Definitions. As used herein, each of the following terms shall have the meaning given to it below and the Loan Agreement shall be deemed and is hereby amended to include, in addition and not in limitation, the following definitions:

“Amendment No. 8” shall mean Amendment No. 8 to Loan and Security Agreement by and among Agent, Lenders and Borrower as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

“Finance Co.” shall mean AEP Industries Finance Inc., a Delaware corporation and newly-formed, wholly-owned Subsidiary of Borrower.

“Finance Co. Investment” shall mean any loan or advance to, or other investment in (by capital contribution, dividend or otherwise), Finance Co. by Borrower, provided, that, as to any such loan, advance or other investment, each of the following conditions is satisfied: (i) as of the date of any such loan, advance or other investment and after giving effect thereto, no Default or Event of Default shall exist or have occurred, (ii) as of the date of any such loan, advance or other investment, and after giving effect thereto, if there are any Loans or Letter of Credit Accommodations outstanding as of such date and after giving effect to any such loan, advance or investment, (A) as of the date of any such payment, and after giving effect thereto, Excess Availability shall be not less than \$20,000,000 and (B) as of the date of any such payment and after giving effect thereto, the aggregate amount of all payments in respect of Permitted Transactions shall not exceed \$75,000,000 in the fiscal year of Borrower ending October 31, 2006 or \$50,000,000 in any fiscal year thereafter, and (iii) all of the proceeds of

any such loan, advance or other investment shall be used by Finance Co. to make a substantially contemporaneous payment to redeem, retire, defease, purchase or otherwise acquire any shares of any class of Capital Stock of Borrower permitted under Section 9.11(c) hereof.

(b) Amendment to Definition. The term “Permitted Transactions” in Section 1.80 of the Loan Agreement is hereby amended to delete the reference to “Senior Subordinated Notes” in Section 1.80(b) thereof and replace it with the following: “New Senior Notes”. The term “Permitted Transactions” in Section 1.80 is also hereby amended by adding the following new Sections 1.80(e) and 1.80(f) at the end thereof:

“(e) any payment by any Subsidiary of Borrower in respect of the repurchase or redemption of the Capital Stock of Borrower; and

(f) any Finance Co. Investment (without duplication of any amounts paid to redeem, retire, defease, purchase or otherwise acquire any shares of any class of Capital Stock of Borrower permitted under Section 9.11(c) using the proceeds of such Finance Co. Investment that constitutes a Permitted Transaction).”

(c) Interpretation. For purposes of this Amendment No. 8, all terms used herein, including but not limited to, those terms used and/or defined herein or in the recitals hereto shall have the respective meanings assigned thereto in the Loan Agreement as amended by this Amendment No. 8.

2. Amendments to Loan Agreement.

(a) Use of Proceeds. Section 6.7 of the Loan Agreement is hereby amended by deleting the last sentence thereof in its entirety and replacing it with the following:

“None of the proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Loans to be considered a “purpose credit” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended, in violation of such Regulation U.”

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(b) Sale of Assets, Consolidation, Mergers, Dissolution, etc. Section 9.7(b) of the Loan Agreement is hereby amended by adding the following new Section 9.7(b)(ix) at the end thereof:

“(ix) the issuance and sale by any Subsidiary of Borrower of its Capital Stock to Borrower or any Subsidiary of Borrower in a transaction not otherwise prohibited by this Agreement; or”

(c) Encumbrances. Notwithstanding anything to the contrary contained in Section 9.8 of the Loan Agreement, the terms thereof shall not apply to the right of any Subsidiary of Borrower to create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, charge or other encumbrance with respect to Capital Stock of Borrower owned by such Subsidiary.

(d) Indebtedness. Section 9.9 of the Loan Agreement is hereby amended by adding the following new Section 9.9(p) at the end thereof:

“(p) to the extent not otherwise permitted by Section 9.9 hereof, any Indebtedness of a Subsidiary of Borrower to Borrower arising pursuant to loans or advances by Borrower to such Subsidiary permitted under Sections 9.10(g), 9.10(h), 9.10(j) or 9.10(l) hereof”.

(e) Loans, Investments, Etc.

(i) Notwithstanding anything to the contrary contained in Section 9.10(g) of the Loan Agreement, Section 9.10(g) shall not apply to any Finance Co. Investment.

(ii) Section 9.10 of the Loan Agreement is hereby amended by adding the following new Section 9.10(l) at the end thereof:

“(l) any Finance Co. Investment.”

(f) Dividends and Redemptions.

(i) Section 9.11(b) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(b) any Subsidiary of Borrower may make payments to Borrower in respect of: (i) dividends (including dividends made in shares of Capital Stock) or (ii) the redemption or repurchase of any of the Capital Stock of such Subsidiary;”

(ii) Section 9.11(c) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(c) Borrower may pay dividends or Borrower or any Subsidiary of Borrower may redeem or repurchase any of the Capital Stock of Borrower, provided, that, as to any payment of such dividend or for such redemption or repurchase each of the following conditions is satisfied:

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(i) such payment shall be made with funds legally available therefor,

(ii) such dividend or redemption or repurchase shall not violate any law or regulation or the terms of any indenture, agreement or undertaking to which Borrower or such Subsidiary is a party or by which Borrower or such Subsidiary or either of their properties are bound,

(iii) as of the date of the payment of such dividend or redemption or repurchase and after giving effect thereto, no Default or Event of Default shall exist or have occurred,

(iv) as of the date of any payment in respect of such dividend or redemption or repurchase and after giving effect thereto, if there are any Loans or Letter of Credit Accommodations outstanding as of such date after giving effect to any

such payment, (A) as of the date of any such payment, and after giving effect thereto, Excess Availability shall be not less than \$20,000,000 and (B) as of the date of any such payment and after giving effect thereto, the aggregate amount of all payments in respect of Permitted Transactions shall not exceed \$75,000,000 in the fiscal year of Borrower ending October 31, 2006 or \$50,000,000 in any fiscal year thereafter,”

(g) Transactions with Affiliates. Section 9.12(a) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(a) purchase, acquire or lease any property from, or sell, transfer or lease any property to, any officer, director or other Affiliate of Borrower, except (i) in the ordinary course of and pursuant to the reasonable requirements of Borrower’s business (as the case may be) and upon fair and reasonable terms no less favorable to Borrower than Borrower would obtain in a comparable arm’s length transaction with an unaffiliated person; or (ii) to the extent not otherwise permitted by clause (i) hereof, the purchase or other acquisition by Borrower or Finance Co. from Third Point Partners Qualified L.P., Third Point Partners L.P., Third Point Offshore Fund, Ltd., Third Point Ultra Ltd., Third Point Resources L.P., and Third Point Resources Ltd. of Capital Stock of Borrower in an aggregate amount not to exceed the aggregate amount permitted for redemptions, retirements, purchases or other acquisitions of such Capital Stock under Section 9.11(c) hereof, upon fair and reasonable terms no less favorable to Borrower than Borrower would obtain in a comparable arm’s length transaction with an unaffiliated person; or”

(h) Permitted Transactions.

(i) Sections 9.9(e)(v)(B)(2) and 9.9(o)(vi)(B)(2) of the Loan Agreement are each hereby deleted in their entirety and replaced with the following: “as of the date of any such payment and after giving effect thereto, the aggregate amount of all payments in respect of Permitted Transactions shall not exceed \$75,000,000 in the fiscal year of Borrower ending October 31, 2006 or \$50,000,000 in any fiscal year thereafter,”.

(ii) Section 9.9(o)(vi)(B)(3) of the Loan Agreement is hereby amended to delete the words “at any time the aggregate amount of all such payments together with the aggregate amount of all payments in respect of Permitted Transactions exceed \$50,000,000 in any fiscal year” in such section and replace them with the following: “at any time the aggregate amount of all such payments together with the aggregate amount of all payments in respect of Permitted Transactions exceed \$75,000,000 in the fiscal year of Borrower ending October 31, 2006 or \$50,000,000 in any fiscal year thereafter,”.

3. Consent. Agent and Lenders hereby consent and agree that, notwithstanding anything to the contrary in Section 5 of the Loan Agreement or otherwise, neither Agent nor any of the Lenders shall be entitled to (i) a pledge of, or a security interest or other lien in, the Capital Stock of Finance Co. or any assets of Finance Co. or (ii) a guaranty by Finance Co. of any of the Obligations.

4. Representations and Warranties. Borrower represents and warrants with and to Agent and Lenders as follows, which representations and warranties shall survive the execution and delivery hereof, the truth and accuracy of, or compliance with each, together with the



representations, warranties and covenants in the other Financing Agreements, being a continuing condition of the making of any Loans by

Agent (or Agent on behalf of Lenders) to Borrower:

(a) As of the date hereof and after giving effect to the consents provided for herein, no Default or Event of Default exists or has occurred and is continuing.

(b) This Amendment No. 8 and each other agreement or instrument to be executed and delivered by Borrower in connection herewith have been duly authorized, executed and delivered by all necessary action on the part of Borrower and the agreements and obligations of Borrower contained herein constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

5. Conditions Precedent. The effectiveness of the consents contained herein shall only be effective upon the satisfaction of each of the following conditions precedent in a manner satisfactory to Agent:

(a) Agent shall have received an executed original or executed original counterparts of this Amendment No. 8 (as the case may be), duly authorized, executed and delivered by Borrower;

(b) Agent shall have received such approvals of the Lenders to the terms of this Amendment No. 8 as may be required in the determination of Agent under the terms of the Loan Agreement; and

(c) Agent shall have received a true and correct copy of any consent, waiver or approval to or of this Amendment No. 8 which Borrower is required to obtain from any other Person, and such consent, waiver or approval shall be in form and substance satisfactory to Agent.

6. Provisions of General Application.

(a) Effect of this Amendment. Except as modified pursuant hereto, no other changes or modifications to the Financing Agreements are intended or implied and in all other respects the Financing Agreements are hereby specifically ratified, restated and confirmed by all parties hereto as of the effective date hereof. To the extent of conflict between the terms of this Amendment No. 8 and the other Financing Agreements, the terms of this Amendment No. 8 shall control. The Loan Agreement and this Amendment No. 8 shall be read and construed as one agreement.

(b) Further Assurances. Each party hereto agrees that, if reasonably requested by any other party hereto, it will enter into such additional documents and take such additional actions as may be necessary to effectuate the purposes of this Amendment No. 8.

(c) Governing Law. The rights and obligations hereunder of each of the parties hereto shall be governed by and interpreted and determined in accordance with the laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would result in the application of the law of any jurisdiction other than the laws of the State of New York.

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(d) Binding Effect. This Amendment No. 8 shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

(e) Counterparts. This Amendment No. 8 may be executed in any number of counterparts, but all of such counterparts shall together constitute but one and the same agreement. In making proof of this Amendment No. 8, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Amendments No. 8 by telefacsimile shall have the same force and effect as delivery of an original manually executed counterpart of this Amendment No. 8. Any party delivering any executed counterpart of this Amendment No. 8 by telefacsimile shall also deliver an original manually executed counterpart, but the failure to do so shall not affect the validity, enforceability and binding effect of this Amendment No. 8 as to such party or any other party.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 8 to be duly executed and delivered by their authorized officers as of the date and year first above written.

WACHOVIA BANK, NATIONAL ASSOCIATION,
successor by merger to Congress Financial Corporation,
as Agent and as Lender

By: /s/ Thomas Grabosky

Title: Director

AEP INDUSTRIES INC.

By: /s/ James B. Rafferty

Title: Vice President and Treasurer

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ Rebecca A. Ford

Title: Duly Authorized Signatory



FOR IMMEDIATE RELEASE

Contact: Paul Feeny
 Executive Vice President
 and Chief Financial Officer
 AEP Industries
 (201) 807-2330
 feeney@aeppinc.com

AEP Industries Inc. and Third Point LLC Announce Stock Repurchase Agreement

AEP Industries Inc. Announces Separate \$15 Million Stock Repurchase Program

SOUTH HACKENSACK, N.J. and NEW YORK, N.Y., August 1, 2006. AEP Industries Inc. (Nasdaq: AEPI, the "Company") and Third Point LLC ("Third Point") today announced they have entered into an agreement whereby the Company will repurchase 850,000 of its common shares from investment funds affiliated with Third Point in a privately negotiated transaction at \$36 per share for a total purchase price of \$30.6 million. The price per share represents a discount of 19.4% to yesterday's closing price of the Company's common stock.

Brendan Barba, Chairman and Chief Executive Officer of the Company, commented, "This transaction enables us to make attractive use of our capital to acquire a meaningful block of Company shares at a favorable price. The repurchase should be immediately accretive to earnings per share."

The repurchase, which is expected to close in the next several days, will reduce Third Point's beneficial ownership of the Company's common stock from approximately 23% to approximately 15%. Pursuant to the purchase agreement, Third Point and its affiliates will be bound by a two-year standstill provision and their rights to appoint up to two members of the Board of Directors of the Company will terminate. Under a previous agreement with the Company, Third Point has requested that the Company register its remaining shares. The Company will take immediate steps to comply with this request.

Authorization of Stock Repurchase Program

The Company separately announced that its Board of Directors has authorized a stock repurchase program under which the Company may purchase up to \$15 million of its common stock. Repurchases would be made in the open market, in privately negotiated transactions or by other means, from time to time, subject to market conditions, applicable legal requirements and other factors. The program does not obligate the Company to acquire any particular amount of common stock and the program may be suspended at any time at the Company's discretion.

AEP Industries Inc. manufactures, markets, and distributes an extensive range of plastic packaging products for the food/beverage, industrial and agricultural markets. The Company has operations in three countries in North America and Europe.

Except for historical information contained herein, statements in the release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities

Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results. Those risks include, but are not limited to, risks associated with pricing, volume, cash flow guidance, fluctuations in exchange rates and conditions of markets. Those and other risks are

described in the Company' s filings with the Securities and Exchange Commission (the "SEC") over the last 12 months, copies of which are available from the SEC or may be obtained from the Company.
