

AEP Industries Inc.
Corporate Governance Guidelines
(Effective January 12, 2010)

These Corporate Governance Guidelines (the “Guidelines”) were adopted by the Board of Directors of AEP Industries Inc. (the “Company”) and, along with the charters and practices of the Board and its committees, provide the framework for the corporate governance of the Company. These Guidelines may be modified, amended, waived, suspended or repealed by the Board at any time, with or without public notice, as it determines necessary or appropriate, in the exercise of the Board’s judgment and fiduciary duties. These Guidelines are not intended to alter the applicable principles of state law or other laws applicable to the conduct of directors.

A. Board Composition and Structure

1. Board Size. The Board currently has nine directors. The Nominating and Corporate Governance Committee will, from time to time, periodically evaluate the appropriate size of the Board based upon the needs of the Board and the availability of qualified candidates.
2. Board Structure. In accordance with the Company’s Certificate of Incorporation, the Board is divided into three classes of directors and each class serves for staggered three-year terms.
3. Independent Majority of Directors. The Board believes that there should be a majority of independent directors on the Board. The Board also believes that it is useful and appropriate to have members of management, in addition to the Chief Executive Officer (CEO), serving as directors.

The Board must make an affirmative determination as to the independence of each director. The Nominating and Corporate Governance Committee will initially evaluate the independence of each director and report such evaluation to the Board. In making this evaluation, the Nominating and Corporate Governance Committee will review and discuss information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and its management.

The Board defines an “independent” director in accordance with the listing requirements of The Nasdaq Stock Market, which includes a series of objective tests. In addition, the Board must affirmatively determine as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. To assist the Board and Nominating and Corporate Governance Committee in this subjective determination, the Board has adopted categorical standards of relationships that are not considered material for purposes of determining a director’s independence. See Annex A attached hereto for a list of such categorical standards.

4. Board Membership Criteria. The Nominating and Corporate Governance Committee is responsible for reviewing and making recommendations to the Board, from time to time, regarding the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board, the operations of the Company and the long-term interests of stockholders. Although specific qualifications for Board membership may vary from time to time, desired qualities include (a) the highest ethical character, integrity and shared values with the Company, (b) loyalty to the Company and concern for its success and welfare, (c) sound business judgment, (d) high-level leadership and achievement in a chosen field, (e) expertise and breadth of knowledge about issues affecting the Company, (f) special competencies to Board activities, including financial, technical or other expertise, and (g) sufficient commitment and availability to effectively carry out a director's duties.
5. Nominees for Re-Election. The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending director nominees to the Board. The Nominating and Corporate Governance Committee's general view is to re-nominate incumbent directors who continue to satisfy the criteria for membership on the Board, continue to make important contributions to the Board and consent to continue their service on the Board.
6. Selection of New Director Candidates. The Nominating and Corporate Governance Committee, with the input of the CEO, is responsible for recommending nominees for Board membership to fill vacancies or newly created positions. The Nominating and Corporate Governance Committee generally relies on multiple sources for identifying and evaluating nominees, including referrals from our current directors and management. The Nominating and Corporate Governance Committee does not solicit director nominations from stockholders, but will consider recommendations sent on a timely basis and in accordance with the By-laws of the Company. The Nominating and Corporate Governance Committee will evaluate nominees recommended by stockholders against the same criteria noted above.

A director appointed by the Board as a result of a vacancy will be appointed for the remainder of the term for the position filled or the term specified if a newly created position. However, the newly appointed director will be subject to stockholder election at the next annual meeting of stockholders regarding such person's service until the end of the appointed term.

7. Significant Changes in Principal Occupation or Other Significant Negative Changes in Circumstances. When a director's principal occupation or business substantially changes substantially or if a director's circumstances change in a manner that results in a significant negative impact to his or her qualifications as they existed at the time of appointment or election, the director must submit his or her resignation from the Board. The Board and the Nominating and Corporate Governance Committee will evaluate whether the Board should accept the resignation based on a review of whether the individual continues to satisfy the Board's membership criteria in light of such changes.
8. Term Limits and Retirement Policy. Because of the value the Board places on having directors who are knowledgeable and have increasing insight about the Company and its activities, the Board does not believe that arbitrary term limits on directors' service are appropriate. Although term limits can promote the inclusion on the Board of people with diverse perspectives, the Board's current process can achieve the same result.

The Board believes that in most circumstances directors should not stand for re-election after age 75. The Board shall have the authority to make exceptions to this policy under circumstances to be determined by the Board.

9. Limitations on Other Board Service. The Board expects its members to have sufficient time and availability to effectively serve the Company and its stockholders. Without Board approval, directors may not serve on more than five other boards of public companies and, if a director is also an active CEO of a public company, the director may not serve on more than two other boards of public companies. For purpose of this requirement, (a) a family of mutual funds will be considered a single public company, and (b) and service on a board of a parent and its substantially owned subsidiaries will be considered a single public company.

Directors must advise the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. The Nominating and Corporate Governance Committee will review whether such service is appropriate in light of the Board membership criteria and will recommend to the Board as a whole the action, if any, to be taken. Service on boards and/or committees of any other organization should be consistent with the Company's conflict of interest policies.

10. Non-Executive or Independent Chairman/Lead Director. The Board selects the Company's CEO and Chairman it determines to be in the best interests of the Company's stockholders. The Board believes it is not necessary to have a non-executive or independent Chairman, or a lead director, for the best interests of the Company and its stockholders.

B. Directors' Responsibilities

1. General. The primary responsibilities of the Board of Directors are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company and its stockholders. Consistent with this, the Board's detailed responsibilities include:
 - (a) Selecting, evaluating the performance of, and approving the compensation of the CEO and other senior management;
 - (b) Overseeing succession planning with respect to the position of CEO and other senior management;
 - (c) Reviewing and, where appropriate, approving the Company's major financial objectives, and strategic and operating plans and actions;
 - (d) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
 - (e) Reviewing management's assessment of major risks and opportunities of the Company and reviewing options and strategies for addressing them; and
 - (f) Overseeing the processes for maintaining the ethical conduct of the Company, including the integrity of its financial statements and other public disclosures and its compliance with law and ethics.

Management has the authority and responsibility for managing the business on a day-to-day basis in a manner consistent with the policies and practices of the Company, and in accordance with any specific plans, instructions or directions of the Board. Management will seek the advice and, when appropriate, the approval of the Board with respect to extraordinary activities to be undertaken by the Company.

2. Code of Conduct. Directors shall act at all times in accordance with the requirements of the Company's Code of Conduct, including with respect to conflicts of interest, confidentiality, protection of the Company's assets, ethical conduct in business dealings and compliance with applicable law. Any waiver of the requirements of the Code of Conduct for any director shall be reported to, and subject to the approval of, the Board.

C. Board Meetings and Materials

1. Frequency. The Board will generally have at least four regularly scheduled meetings per year and hold additional special meetings as necessary. Each director is expected to attend all meetings of the Board and of the Board committees on which he or she serves, as well as the annual meeting of stockholders. The Board may also take action from time to time by unanimous written consent.
2. Agenda. The Chairman and CEO will draft the agenda for each meeting and distribute it in advance to the Board. Each director may propose the inclusion of items on the agenda, request the presence of a report by any member of the Company's management or at any Board meeting raise subjects that are not on the agenda for that meeting.
3. Board Materials. Information that is important to the Board's understanding of the business and its meeting agenda should be distributed in writing to the Board before it meets to the extent possible. Each director is expected to review this information before the meeting to facilitate efficient use of meeting time. The Board recognizes that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters before meetings may not be appropriate. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members.
4. Access to Employees and Board Presentations. The Board has complete access to contact and meet with any Company employee. It is Board policy that members of senior management who report directly to the CEO be present at Board meetings if invited by the Board. The Board encourages senior management and other employees to make presentations to the Board to the extent they (A) can provide insight into the matters being discussed because of their functional expertise and/or personal involvement in such matters and/or (B) are individuals with high potential whom the directors should have the opportunity to meet and evaluate.
5. Access to Independent Advisors. Directors are authorized to consult with independent advisors, as is necessary and appropriate, without management. The Company will provide appropriate funding, as determined by the Board or any committee, to compensate such independent advisors and to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.
6. Executive Sessions. The independent directors will hold regularly scheduled executive sessions, generally following the regularly scheduled meetings of the Board.

D. Board Committees

1. Standing Committees. The Board has three standing committees, a Nominating and Corporate Governance Committee, an Audit Committee and a Compensation Committee, each comprised solely of independent directors. Each Committee shall have a written charter, approved by the Board, which describes the Committee's general authority and responsibilities. Each Committee will undertake an annual review of its charter and provide recommendations to the Board for appropriate revisions.
2. Committee Changes. The Board shall evaluate and determine the circumstances under which to form new committees or remove existing committees.
3. Membership and Chairs. The Nominating and Corporate Governance Committee will recommend and the Board will appoint committee members and committee chairs annually for one-year terms or until their successors are appointed and qualified.

E. Directors Compensation Guidelines

1. Non-Employee Directors. Non-employee directors, committee members and committee chairs shall receive a mix of cash and equity compensation that is reasonable for their services, as may be determined from time to time by the Board upon recommendation of the Compensation Committee. Compensation for non-employee directors, committee members and committee chairs shall be consistent with the market practices of other similarly situated companies but shall not be at a level or in a form that would call into question the Board's objectivity. The Compensation Committee shall periodically review and report to the Board with respect to director compensation and benefits.
2. Employee Directors. Directors who are employees receive no additional pay for serving as directors.
3. Director Stock Ownership Guidelines. The Company encourages stock ownership by directors in order to more strongly align the interests of directors with those of the Company's stockholders. The Board has adopted stock ownership guidelines for directors. Each director is expected to own 2,000 shares of common stock, which ownership level should be achieved by the later of January 12, 2015 or five years after the director has become a Board member. The Board will evaluate whether exceptions should be made for any director on whom this requirement would impose a financial or other hardship.

F. Director Orientation and Continuing Education

1. Director Orientation. The CEO and the Board shall implement and maintain an orientation program for newly elected directors to familiarize new directors with the Company's business, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities.
2. Continuing Education. Directors are expected to continue educating themselves with respect to industry practices.

G. Annual Performance Evaluation of the Board

1. Board Self-Evaluation. The Board and its committees will conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. The review will focus on the Board and committees as a whole, and not individual directors, unless circumstances otherwise warrant. The Board will also review the Nominating and Corporate Governance Committee's periodic recommendations concerning the performance and effectiveness of the Board and its committees.

H. Other

1. Stockholder Communications. Any stockholder wishing to communicate with a particular director, with all or certain of the independent directors or with the entire Board should direct the communication to Corporate Secretary, AEP Industries Inc., 125 Phillips Avenue, South Hackensack, NJ 07606. If a stockholder does not wish to have our corporate secretary screen the communication, the stockholder should indicate that the material sent by the stockholder be delivered unopened to the person or persons to whom it is addressed.
2. Board Interaction with Outside Parties. The Board believes that management speaks for the Company. The CEO is responsible for establishing effective communications with various constituencies that are involved with the Company. Individual directors may from time to time meet or otherwise communicate with various constituencies that are involved with the Company, however it is expected that directors would do so with the knowledge of management and, absent unusual circumstances or as contemplated by committee charters, only at the request of management.

Annex A

Additional Categorical Standards of Director Independence

The following standards are not considered material for purposes of determining a director's independence:

- I. Equity Ownership. A relationship arising solely from a director's ownership of an equity or limited partnership interest in a party that engages in a transaction with the Company, so long as such director's ownership interest does not exceed 5% of the total equity or partnership interests in that other party.
- II. Other Directorships. A relationship arising solely from a director's position as (i) a director or advisory director (or similar position) of another company or for-profit corporation or organization that engages in a transaction with the Company, (ii) a non-paid officer of another company, for which an executive officer of the Company (or any immediate family member) serves as a director, or (iii) a director or trustee (or similar position) of a tax exempt organization that engages in a transaction with the Company (other than a charitable contribution to that organization by the Company).
- III. Ordinary Course Business. A relationship arising solely from transactions between the Company and a director or company of which a director is an executive officer, employee or owner of 5% or more of the equity of that company, if such transactions are made in the ordinary course of business and on terms and conditions and under circumstances that are substantially similar to those prevailing at the time for comparable transactions, products or services for or with unaffiliated third parties.
- IV. Indebtedness. A relationship arising solely from a director's status as an executive officer, employee or owner of 5% or more of the equity of a company to which the Company is indebted at the end of the Company's preceding fiscal year, so long as the aggregate amount of the indebtedness of the Company to such company is not in excess of 2% of the Company's total consolidated assets at the end of the Company's preceding fiscal year.
- V. Charitable Contributions. A relationship arising solely from a director's status as an officer, employee, director or trustee of a tax exempt organization, and the discretionary charitable contributions by the Company or an executive officer of the Company (including any immediate family member), directly or through any foundation or similar organization established by the Company or an executive officer of the Company (including any immediate family member), to the organization over the last three completed fiscal years are, in each of such years, less than the greater of \$200,000 or 2% of the organization's consolidated gross revenues (including grants, gains and other support) during the organization's preceding completed fiscal year.

- VI. Professional, Social and Religious Organizations and Educational Institutions. A relationship arising solely from a director's membership in the same professional, social, fraternal or religious association or organization, or attendance at the same educational institution, as an executive officer (or an immediate family member).
- VII. Immediate Family Members. Any relationship or transaction between an immediate family member of a director and the Company (or an executive officer of the Company) shall not be deemed a material relationship or transaction that would cause the director not to be independent if the standards in this Annex A would permit the relationship or transaction to occur between the director and the Company (or an executive officer of the Company).