

## MEMORANDUM

March 13, 2008

To: Official Committee of Unsecured Creditors (the "Committee") of Propex Inc., *et al.* ("Propex" or the "Debtors")

From: Akin Gump Strauss Hauer & Feld LLP ("Akin Gump")

Re: Propex, Inc., *et al.* – Recently Filed Pleading

### **Debtors' Motion for Entry of Agreed Order Modifying the Automatic Stay (the "Motion")**

By the Motion, the Debtors seek entry of an agreed order (the "Order") authorizing the setoff of certain mutual pre-petition debts owed between the Debtors and Gundle/SLT Environmental, Inc. ("GSE").

The Motion states that, as of the filing date of the Debtors' chapter 11 bankruptcy petitions, GSE owed Propex \$1,473,238.69 on account of unpaid invoices (the "GSE Debt"), and Propex owed GSE \$1,370,206.18 on account of unpaid invoices (the "Propex Debt"). By the Motion, the Debtors seek authorization to modify the automatic stay to enable GSE to setoff all of the Propex Debt in partial satisfaction of the GSE Debt. In addition, the Order provides that GSE shall be required to pay over the remaining balance of the GSE Debt (in the amount of \$103,032.51) to Propex within ten days of entry of the Order.

The Bankruptcy Court entered an order approving the Motion on March 12, 2008.