

## MEMORANDUM

October 7, 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’ Expedited Motion for Approval of Modification to Employment Agreement with Mr. Richard Franks (the “Motion”)**

By the Motion, the Debtors seek entry of an order (the “Order”) approving a modified employment agreement with Mr. Richard Franks, the Debtors’ Executive Vice President for Flooring/FBA. According to the Motion, pursuant to the terms of the modified employment agreement, Mr. Franks’ base salary will increase \$60,000 per year from \$190,000 to \$250,000.<sup>1</sup> The Debtors contend that the increase in Mr. Franks’ salary is justified because, subsequent to the Court’s approval of his initial employment agreement, Mr. Franks has assumed and carried out additional responsibilities necessary to the Debtors’ ongoing business operations. The Debtors further submit that, although employment issues are usually treated as ordinary course matters and do not typically require notice and/or a hearing, the Debtors have moved for the requested relief out of an abundance of caution.

**The hearing date on the Motion is scheduled for October 15, 2008 at 9:00 a.m. (ET). The deadline to object to the Motion is October 13, 2008 at 5:00 p.m. (ET).**

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<sup>1</sup> As previously reported, the Court entered an order on August 6, 2008, approving an employment agreement with Mr. Franks, pursuant to which his base salary was set at \$190,000.