

MEMORANDUM

October 2, 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' Application to Approve Retention of PricewaterhouseCoopers LLP as Accountants to the Debtors (the "Application")

By the Application, the Debtors seek entry of an order (the "Order") to retain PricewaterhouseCoopers LLP ("PwC") pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Federal Rule of Bankruptcy Procedure 2014 as accountants in these bankruptcy cases in accordance with the terms and conditions set forth in the letter agreement, dated August 21, 2008, attached to the Application. According to the Application, PwC has already been providing the Debtors with services in its role as an ordinary course professional in these bankruptcy cases, and the Debtors now seek to engage PwC as accountants in order to assist the Debtors in completing their chapter 11 plan of reorganization and accompanying disclosure statement.

The Debtors maintain that they selected PwC as their accountants because of PwC's extensive experience, knowledge and reorganized expertise in tax issues and other financial matters. Accordingly, the Debtors believe that PwC is both well-qualified and uniquely able to represent them in these cases and in other matters in an efficient and timely manner. The Debtors further contend that the employment of PwC is appropriate and necessary to enable the Debtors to execute faithfully their duties as debtors and debtors-in-possession and to implement the reorganization of the Debtors' financial affairs, including the formulation of their Chapter 11 plan.

Pursuant to the application, PwC will be employed for the following purposes:

1) Tax Services

- a) Developing a model to determine the impact of Cancellation of Debt Income, which will also include:
 - i) considerations regarding the benefit of electing to invert attribute reduction (§ 108(b)(5) election); and

- ii) assessing and planning regarding proposed exchanges of an modifications of debt (including elimination and/or modification of intercompany balances with foreign affiliates);
- b) Assessing the potential impact of a Section 382 limitation, which will also include:
 - i) an evaluation of status of creditors as “qualified” creditors for purposes of § 382(1)(5) and a consideration of whether § 382(1)(5) or § 382(1)(6) is more advantageous; and
 - ii) a quantification of net unrealized built-in-gain (NUBIG) and/or net unrealized built-in-loss (NUBIL) and an assessment of the impact flowing from potential ownership change (e.g., limitations on prospective depreciation and amortization);
- c) Developing a model to project future cash taxes;
- d) Providing input and feedback to Akin Gump concerning the bankruptcy plan and disclosure statement;
- e) Planning concerning post-emergence corporate structure; and
- f) Developing a state tax model to identify opportunities to preserve tax attributes in key states.

2) Earnings and Profits (“E&P”) Study

- a) Preparing an E&P computation for the following entities:
 - i) Propex Fabrics GmbH
 - ii) Propex Fabrics de Mexico, SA do CV
 - iii) Propex Fabrics Servicios, SA de CV
 - iv) Synthetic Industries Europe Ltd
 - v) Solutions 4 Concrete Ltd
 - vi) Propex Fabrics Magyarorszat Termelo
 - vii) Propex Fabrixs Magyarorszag Vagyonkezelo
 - viii) Propex Fabrics Holdings do Brasil Ltda

The Debtors and PwC have agreed to an hourly compensation structure for PwC’s professionals. The hourly rate structure is as follows:

<u>Professional</u>	<u>Rate</u>
Partner	\$600-\$700
Director	\$400-\$510
Manager	\$320-\$400
Senior Associate	\$210-\$265
Associate	\$150-\$180

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