

## MEMORANDUM

October 3, 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 Consulting Letter Agreement with Lee McCarter, Dated Effective as of September 17, 2008 (the "Motion")**

By the Motion, the Debtors seek entry of an order (the "Order") approving the employment of Mr. Lee McCarter ("McCarter") according to the terms of a consulting letter agreement (the "Letter Agreement") and pursuant to section 363 of the Bankruptcy Code.

On September 16, 2008, McCarter resigned from his position as the Debtors' Executive Vice President and Chief Financial Officer and, as such, the Debtors currently do not have an individual serving in such position. According to the Motion, the Debtors require McCarter's continued services on an interim basis to assist with reconciling the Debtors' financial data (including tax and benefit issues), addressing certain ongoing financial concerns and bankruptcy issues and preparing a plan of reorganization. The Debtors submit that, although the execution of the Letter Agreement is within the ordinary course of the Debtors' businesses, the Debtors have moved for the requested relief out of an abundance of caution.

The key terms of the Letter Agreement are as follows:

- a. Term: McCarter will be retained on a weekly basis, limited to termination by either party following seven (7) days written notice, and the term will not last beyond the earlier of (i) the effective date of a plan, and (ii) December 31, 2008.
- b. Compensation: \$7,500 per week.
- c. Duties: McCarter will report to the Debtors' Chief Executive Officer, Mr. Woody McGee.
- d. No Other Benefits: McCarter will not receive any other benefits from the Debtors.

**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).**