

MEMORANDUM

November 21, 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 Approval of Rejection of Agreement, Dated February 1, 2007, Between Propex, Inc. and Catoosa Resources, LLC (the "Motion")

By the Motion, the Debtors request the entry of an order (the "Order") authorizing the rejection of an agreement (the "Agreement"), dated February 1, 2007, with Catoosa Resources, LLC ("Catoosa"), under which the Debtors sell certain waste materials and/or products (the "Materials") to Catoosa.

According to the Motion, as of November 6, 2008, Catoosa is indebted to the Debtors under the Agreement in the approximate amount of \$1.2 million, of which approximately \$350,000 is delinquent. The Debtors state that Catoosa has not satisfied its contractual obligation under the Agreement to pay the Debtors for Materials sold and, accordingly, the Debtors are not obligated under the Agreement to sell any Materials to Catoosa. Additionally, the Debtors assert that they have other buyers that can perform the same service as Catoosa. The Debtors contend that, in their business judgment, rejection of the Agreement is in the best interests of the Debtors' estates.

The hearing date on the Motion is scheduled for November 26, 2008 at 9:00 a.m. (ET).