

MEMORANDUM

December 24, 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

Motion for Relief from the Automatic Stay (the “Motion”)

By the Motion, Mr. Michael Sneed (“Sneed”) requests an order from the Bankruptcy Court on an expedited base for relief from the automatic stay to allow him to commence a cause of action against the Debtors for alleged wrongful termination and/or retaliatory discharge to the extent the Debtors have insurance coverage.

According to the Motion, Sneed’s employment with the Debtors was terminated prior to the date of the Debtors’ bankruptcy filing. The Motion asserts that Sneed has a valid claim against the Debtors for wrongful termination and/or retaliatory discharge. According to the Motion, Sneed may be barred by the applicable statute of limitations if his cause of action against the Debtors is not filed before January 3, 2009.

The Debtors have filed a response (the “Response”) to the Motion. According to the Response, on December 16, 2008, the Debtors filed an amended schedule F, wherein they listed the disputed claim of Sneed. As a result of the schedule amendment, Sneed has the opportunity to file a proof of claim on account of his alleged claims for wrongful termination and/or retaliatory discharge pursuant to the bar date procedures approved by the Bankruptcy Court on February 13, 2008 [Docket No. 153].

The Response argues that “cause” does not exist to lift the automatic stay because, among other things, (a) Sneed’s claims are simply a prepetition unsecured claims, and it is impractical to require the Debtors to expend additional estate resources to litigate Sneed’s claims; (b) Sneed has already asserted medical and other workers’ compensation claims against the Debtors’ insurer, and those claims are being handled in the normal course of the Debtors’ workers’ compensation program; Sneed’s claims for wrongful termination and/or retaliatory discharge, by contrast, could not be resolved by insurance but rather amount to claims against the Debtors’ estates and (c) pursuant to section 108(c) of the Bankruptcy Code, the applicable statute of limitations is tolled.