

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE  
SOUTHERN DIVISION**

<b>In re</b>	§	
	§	
<b>PROPEX INC.,</b>	§	<b>Case No. 08-10249</b>
<b>PROPEX HOLDINGS INC.,</b>	§	<b>Case No. 08-10250</b>
<b>PROPEX CONCRETE SYSTEMS</b>	§	
<b>CORPORATION,</b>	§	<b>Case No. 08-10252</b>
<b>PROPEX FABRICS INTERNATIONAL</b>	§	
<b>HOLDINGS I INC.,</b>	§	<b>Case No. 08-10253</b>
<b>PROPEX FABRICS INTERNATIONAL</b>	§	
<b>HOLDINGS II INC.,</b>	§	<b>Case No. 08-10254</b>
	§	
<b>Debtors.</b>	§	
	§	
	§	<b>Chapter 11</b>
	§	
	§	<b>JOINTLY ADMINISTERED</b>
	§	<b>UNDER CASE NO. 08-10249</b>

**APPLICATION OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF  
PROPEX INC., ET AL. TO RETAIN AND EMPLOY  
AKIN GUMP STRAUSS HAUER & FELD LLP AS  
COUNSEL, EFFECTIVE AS OF JANUARY 30, 2008**

The Official Committee of Unsecured Creditors (the "Committee") of Propex Inc: ("Propex") and it affiliated debtors and debtors in possession (collectively with Propex, the "Debtors")<sup>1</sup> respectfully submits this application (the "Application"), pursuant to sections 1103(a) and 328(a) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order authorizing the Committee to retain and employ Akin Gump Strauss Hauer & Feld LLP ("Akin Gump") as its counsel in connection with the Debtors' chapter 11 cases, effective as January 30, 2008. In support of its Application, the Committee respectfully represents as follows:

## **BACKGROUND**

1. On or about January 18, 2008 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Tennessee, Southern Division (the "Court").

2. Since the Petition Date, the Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On the January 22, 2008, the Court entered an order jointly administering these chapter 11 cases pursuant to Bankruptcy Rule 1015 for procedural purposes only.

3. On January 25, 2008 (the "Committee Formation Date"), pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed the Committee. The Committee currently consists of five members.<sup>2</sup> On January 30, 2008, pursuant to section 1103(a) of the Bankruptcy Code, the Committee selected Akin Gump to serve as counsel to the Committee.

## **JURISDICTION AND VENUE**

4. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This Application is a core proceeding pursuant to 28 U.S.C. § 157(b). The statutory predicates for the relief requested in this Application are sections 328(a) and 1103(a) of the Bankruptcy Code.

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<sup>1</sup> The Debtors are the following entities: Propex Holdings, Inc.; Propex Concrete Systems Corporation; Propex Fabrics International Holdings I Inc.; and Propex Fabrics International Holdings II Inc.

<sup>2</sup> The Committee is comprised of the following entities: Wilmington Trust Company; Pension Benefit Guaranty Corporation; Total Petrochemicals USA, Inc.; BP Corporation North America Inc.; and SMH Capital Advisors, Inc.

### **RELIEF REQUESTED**

5. Pursuant to sections 1103(a) and 328(a) of the Bankruptcy Code, the Committee seeks to employ and retain the law firm of Akin Gump as its counsel, effective as of January 30, 2008, in connection with the Debtors' chapter 11 cases.

### **RETENTION OF AKIN GUMP**

6. The Committee respectfully submits that it is necessary and appropriate for it to employ and retain Akin Gump to provide, among other things, the following services:

- (a) advise the Committee with respect to its rights, duties and powers in these chapter 11 cases;
- (b) assist and advise the Committee in its consultations with the Debtors relative to the administration of these chapter 11 cases;
- (c) assist the Committee in analyzing the claims of the Debtors' creditors and the Debtors' capital structure and in negotiating with holders of claims and equity interests;
- (d) assist the Committee in its investigation of the acts, conduct, assets, liabilities and financial condition of the Debtors and of the operation of the Debtors' businesses;
- (e) assist the Committee in its analysis of, and negotiations with, the Debtors or any third party concerning matters related to, among other things, the assumption or rejection of certain leases of non-residential real property and executory contracts, asset dispositions, financing of other transactions and the terms of one or more plans of reorganization for the Debtors and accompanying disclosure statements and related plan documents;
- (f) assist and advise the Committee as to its communications to the general creditor body regarding significant matters in these chapter 11 cases;
- (g) represent the Committee at all hearings and other proceedings;
- (h) review and analyze applications, orders, statements of operations and schedules filed with the Court and advise the Committee as to their propriety, and to the extent deemed appropriate by the Committee support, join or object thereto;
- (i) advise and assist the Committee with respect to any legislative, regulatory or governmental activities;

- (j) assist the Committee in preparing pleadings and applications as may be necessary in furtherance of the Committee's interests and objectives;
- (k) assist the Committee in its review and analysis of all of the Debtors' various commercial agreements;
- (l) prepare, on behalf of the Committee, any pleadings, including without limitation, motions, memoranda, complaints, adversary complaints, objections or comments in connection with any of the foregoing;
- (m) investigate and analyze any claims against the Debtors' non-debtor affiliates; and
- (n) perform such other legal services as may be required or are otherwise deemed to be in the interests of the Committee in accordance with the Committee's powers and duties as set forth in the Bankruptcy Code, Bankruptcy Rules or other applicable law.

7. The Committee believes that Akin Gump possesses extensive knowledge and expertise in the areas of law relevant to these chapter 11 cases, and that Akin Gump is well qualified to represent the Committee in these chapter 11 cases. In selecting counsel, the Committee sought attorneys with considerable experience in representing unsecured creditors' committees in chapter 11 reorganization cases and other debt restructurings. Akin Gump has such experience, as Akin Gump is currently representing and has represented official creditors' committees in many significant chapter 11 reorganizations, including the following chapter 11 cases: In re Allegiance Telecom, Inc.; In re American Commercial Lines LLC; In re ATA Holdings Corp.; In re Calpine Corp.; In re Collins & Aikman Corporation; In re Delta Airlines, Inc.; In re Exide Technologies, Inc.; In re Flag Telecom Holdings Limited; In re Globalstar, LP; In re Hayes Lemmerz, Inc.; In re Heilig Meyers Company; In re Kaiser Aluminum Corporation; In re Lernout & Hauspie Speech Products, N.V.; In re Loral Space & Communications Ltd.; In re LTV Steel Company, Inc.; In re Magellan Health Services, Inc.; In re Pegasus Satellite Television, Inc.; In re Polaroid Corporation; In re Solutia Inc.; In re Tower Automotive, Inc.; In

re Venture Holdings Company, LLC; In re Verado Holdings, Inc.; In re WorldCom, Inc.; and In re XO Communications, Inc.

8. The Committee requests that all fees and related costs and expenses incurred by the Committee on account of services rendered by Akin Gump in these cases be paid as administrative expenses of the estates pursuant to sections 328, 330(a), 331, 503(b) and 507(a)(1) of the Bankruptcy Code. Subject to this Court's approval, Akin Gump will charge for its legal services on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date such services are rendered, subject to sections 328(a) and 330 of the Bankruptcy Code. The current hourly rates charged by Akin Gump for professionals and paraprofessionals employed in its offices are provided below:

<u>Billing Category</u>	<u>Range</u>
Partners	\$460-\$1050
Special Counsel and Counsel	\$250-\$810
Associates	\$175-\$580
Paraprofessionals	\$75-\$250

These hourly rates are subject to periodic adjustments (typically in December of each year) to reflect economic and other conditions. Akin Gump will maintain detailed records of actual and necessary costs and expenses incurred in connection with the legal services described above. Akin Gump reserves its right to file an application for an allowance of an enhanced fee award at the end of this proceeding, subject to the discretion of the Committee.

9. The names, positions and current hourly rates of the Akin Gump attorneys currently expected to have primary responsibility for providing services to the Committee are as follows: Ira S. Dizengoff (Partner – Financial Restructuring Department) - \$825/hour; James R. Savin (Partner – Financial Restructuring Department) - \$690/hour; Shaya Rochester (Associate – Financial Restructuring Department) - \$530/hour; and David V. Kay (Associate – Financial

Restructuring Department) - \$375/hour. Also, it will be necessary, during the course of these cases, for other Akin Gump professionals to provide services to the Committee.

10. Upon information and belief, Akin Gump does not represent and does not hold any interest adverse to the Debtors' estates or their creditors in the matters upon which Akin Gump is to be engaged, except to the extent set for in the declaration of Ira S. Dizengoff, attached hereto as Exhibit "B." However, Akin Gump is a large firm with a national and international practice, and may represent or may have represented certain of the Debtors' creditors, equity holders, related parties or other parties in interest in matters unrelated to these cases.

11. Because of the extensive legal services that may be necessary in these chapter 11 cases, and the fact that the full nature and extent of such services are not known at this time, the Committee believes that the employment of Akin Gump to provide the services described above is appropriate and in the best interests of the Debtors' estates and their creditors.

12. A draft of this Application was provided to the Office of the United States Trustee for the Eastern District of Tennessee (the "U.S. Trustee") prior to its filing.

#### **NOTICE**

13. This Application has been served on each party listed on the most recent Master Service List, as such term is defined in the Order Under 28 U.S.C. § 156(c) Authorizing and Approving the Retention of and Appointing Epiq Bankruptcy Solutions, LLC as Claims, Noticing, and Balloting Agent and Establishing Notice and Administrative Procedures, entered by this Court on January 23, 2008. The Committee submits that no further notice is required.

**WHEREFORE**, the Committee respectfully requests that an Order, substantially in the form annexed hereto as Exhibit "A", be entered authorizing the Committee to retain Akin Gump as its counsel in these cases, effective as of January 30, 2008, and providing the Committee such other and further relief as the Court may deem just, proper and equitable.

Dated: Fort Worth, TX  
February 13, 2008

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
OF PROPEX INC., ET AL.**

SMH Capital Advisors, solely in its capacity as Chair of the Committee  
and not in its individual capacity,

By: /s/ Stephen Cooke  
Name: Stephen Cooke  
Title: CFA Head Analyst

**EXHIBIT A**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE  
SOUTHERN DIVISION**

**In re**

**PROPEX INC.,  
PROPEX HOLDINGS INC.,  
PROPEX CONCRETE SYSTEMS  
CORPORATION,  
PROPEX FABRICS INTERNATIONAL  
HOLDINGS I INC.,  
PROPEX FABRICS INTERNATIONAL  
HOLDINGS II INC.,**

**Debtors.**

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§ Chapter 11  
§  
§ JOINTLY ADMINISTERED  
§ UNDER CASE NO. 08-10249

**ORDER AUTHORIZING THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF PROPEX INC., ET AL., TO RETAIN AND  
EMPLOY AKIN GUMP STRAUSS HAUER & FELD LLP AS  
COUNSEL, EFFECTIVE AS OF JANUARY 30, 2008**

Upon the application dated February 13, 2008 (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") of Propex Inc. ("Propex") and it affiliated

debtors and debtors in possession (collectively with Propex, the "Debtors") for an order, pursuant to sections 328(a) and 1103(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the Committee to retain and employ the law firm of Akin Gump Strauss Hauer & Feld LLP ("Akin Gump"), effective as of January 30, 2008, and upon the Declaration of Ira S. Dizengoff, Esq., a member of the firm of Akin Gump, dated February 13, 2008 (the "Dizengoff Declaration"); and it appearing that the partners, counsel and associates of Akin Gump who will perform services on behalf of the Committee in these chapter 11 cases are duly qualified to practice before this Court; and the Court finding, based on the representations made in the Application and the Dizengoff Declaration, that Akin Gump does not represent any interest adverse to the Committee and/or the Debtors' estates with respect to the matters upon which it is to be engaged, that it is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, that its employment is necessary and, in the best interests of the Committee and the Debtors' estates; and finding that adequate notice of the Application having been given; and it appearing that no other notice need be given; and after due deliberation and sufficient cause appearing therefore, it is

**ORDERED**, that the Application is approved in its entirety; and it is further

**ORDERED**, that in accordance with section 1103(a) of the Bankruptcy Code and, with respect to Akin Gump's hourly rates, section 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Committee is hereby authorized and empowered to employ and retain the firm of Akin Gump as its counsel, effective as of January 30, 2008, to represent it in these cases under chapter 11 of the Bankruptcy Code and such retention is hereby approved; and it is further

**ORDERED** that Akin Gump shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, such Bankruptcy Rules and Local Bankruptcy Rules as may then be applicable from time to time, and such procedures as may be fixed by order of this Court.

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Prepared by:

By: /s/ Ira S. Dizengoff  
Ira S. Dizengoff (ID-9980) (*Pro Hac Vice* Admission Pending)  
James R. Savin (JS-9220) (*Pro Hac Vice* Admission Pending)  
Shaya Rochester (SR-5559) (*Pro Hac Vice* Admission Pending)

**AKIN GUMP STRAUSS HAUER & FELD LLP**

590 Madison Avenue  
New York, New York 10022-2524  
(212) 872-1000 (Telephone)  
(212) 872-1002 (Facsimile)

By: /s/ Richard B. Gossett  
Richard B. Gossett (TN #001686)

**BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ, PC**

1800 Republic Centre  
633 Chestnut Street  
Chattanooga, Tennessee 37450

Proposed Attorneys for the Official Committee of  
Unsecured Creditors of Propex Inc., et al.



debtors in possession (collectively with Propex, the “Debtors”)<sup>1</sup> seeking approval to retain and employ Akin Gump, effective as of January 30, 2008, as counsel to the Committee.

3. On January 25, 2008 (the “Committee Formation Date”), pursuant to section 1102 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), the United States Trustee appointed the Committee. The Committee currently consists of five members: Wilmington Trust Co., as indenture trustee (“WTC”); Pension Benefit Guaranty Corporation (“PBGC”); Total Petrochemicals USA, Inc. (“Petrochemicals”); BP Corporation North America Inc. (“BP”); and SMH Capital Advisors, Inc (“SMH”). On January 30, 2008, the Committee selected Akin Gump to serve as counsel to the Committee pursuant to section 1103(a) of the Bankruptcy Code.

4. I am not, nor is Akin Gump, an insider of the Debtors. Except as set forth below, neither Akin Gump nor I hold directly any claim, debt or equity security of the Debtors.

5. To the best of my knowledge and information, no member of Akin Gump has been, within two years from the date of the filing of the Debtors’ petitions, a director, officer or employee of the Debtors as specified in subparagraph (C) of 11 U.S.C. § 101(14).

6. Akin Gump does not have an interest materially adverse to the interests of the Debtors’ estates or of any class of creditors or equity security holders of the Debtors, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, as specified in subparagraph (C) of Bankruptcy Code section 101(14), or for any other reason.

7. Akin Gump does not currently represent the Debtors or to the best of my knowledge and information, any of their related parties, partners, or subsidiaries, and Akin Gump

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<sup>1</sup> In addition to Propex Inc., the following entities are Debtors in these cases: Propex Holdings, Inc.; Propex Concrete Systems Corporation; Propex Fabrics International Holdings I Inc.; and Propex Fabrics International Holdings II Inc.

