

MEMORANDUM

July 14, 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 Rejection of Office Lease Located at 2640 Lakeland Road, Dalton, Georgia 30721 (the “Motion”)

By the Motion, the Debtors request the entry of an order (the “Order”) authorizing the rejection of that certain lease agreement (the “Lease”) dated as of January 30, 2007, between Propex and CTF Realty. Pursuant to the Lease, Propex occupies 160,000 square feet of office space and pays \$28,800 per month in rent, which equates to \$345,000 annually. The initial term of the Lease began on February 1, 2007, and terminates on January 31, 2009.

According to the Motion, the Debtors have been using this space as a distribution warehouse for finished goods. The Debtors contend that they no longer need the Lease because they have begun to consolidate these inventories in other locations, and the employees occupying the office space have been redeployed to other locations. Accordingly, the Debtors assert that, in order to eliminate or limit the amount of any alleged administrative claims, the rejection of the Lease is warranted. The Debtors represent that the rejection of the Lease will save the Debtors approximately \$28,800 per month.

The hearing date on the Motion is scheduled for July 23, 2008 at 9:00 AM (ET). The deadline to object to the Motion is July 21, 2008 at 5:00 PM (ET).