

MEMORANDUM

July 22, 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 Employment Agreement with Mr. Richard Franks as Executive Vice President of Sales and Marketing for Flooring/FBA (the “Motion”)

By the Motion, the Debtors seek entry of an Order (the “Order”) approving an employment agreement (the “Agreement”) reached with Mr. Richard Franks. According to the Motion, the services that will be provided by Franks are vital to the Debtors’ reorganization efforts. The key terms of the Agreement are as follows:

- a. Term: one year beginning July 1, 2008, and automatic six month extensions thereafter unless terminated by either party with ninety (90) days written notice.
- b. Compensation: (i) \$190,000 base and (ii) inclusion in any key employee incentive plan approved by the Bankruptcy Court. This represents a raise of approximately \$45,000 compared to his current employment agreement.
- c. Position and Duties: Franks shall serve as Executive Vice President of Sales and Marketing for Flooring/FBA reporting to Propex’s Chief Executive Officer. Franks will be based in Chattanooga.
- c. Termination other than for cause or for good reasons: payment of half the annual base salary for a six (6) month period, among the payment of other benefits not satisfied up to the date of termination.
- d. Non-compete provisions: one year after termination.

The hearing date on the Motion is scheduled for August 6, 2008 at 9:00 a.m. (ET). The deadline to object to the Motion is August 1, 2008 at 5:00 p.m. (ET).