

MEMORANDUM

August 11, 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’ Second Motion for an Order Extending the Exclusive Periods During Which Only the Debtors May File a Plan of Reorganization and Solicit Acceptances Thereof (the “Motion”)

By the Motion, the Debtors seek to extend the Exclusivity Period (defined below) by approximately two months from August 21, 2008 to October 20, 2008, as well as the Solicitation Period (defined below) by approximately two months from October 20, 2008 to December 19, 2008.

Under section 1121(b) of the Bankruptcy Code, the Debtors have the exclusive right to file a plan of reorganization during the first 120 days of the case (the “Exclusivity Period”), as well as the exclusive right to solicit acceptances to such a plan of reorganization during the first 180 days of the case (the “Solicitation Period” and together with the “Exclusivity Period”, the “Exclusive Periods”). The Bankruptcy Code provides, however, that on request of a party in interest, the Bankruptcy Court may “for cause” extend the Exclusive Periods.¹

According to the Motion, requisite “cause” exists to extend the Exclusive Periods because among other things:

- the Debtors need additional time to review contracts for potential assumption or rejection;
- the Debtors’ cases are large and complex;
- the Debtors need sufficient time to negotiate a plan of reorganization and prepare adequate information;
- the Debtors have made good faith progress towards developing a consensual plan of reorganization;

¹ Pursuant to Bankruptcy Code section 1121(d), the Exclusivity Period and the Solicitation Period may not be extended beyond a date that is 18 months and 20 months, respectively, after the petition date.

- the Debtors are paying their bills as they become due;
- the Debtors have demonstrated reasonable prospects for filing a viable plan;
- the Debtors have requested only one other extension of the Exclusive Periods;
- the Debtors are not seeking an extension to pressure creditors; and
- the Debtors' cases present several unresolved contingencies.

The hearing date on the Motion is scheduled for August 20, 2008 at 9:00 a.m. (ET). The deadline to object to the Motion is August 15, 2008 at 5:00 p.m. (ET).