

PEGAS NONWOVENS SA
Société anonyme
Registered office:
68-70, boulevard de la Pétrusse
L-2320 Luxembourg
R.C.S. Luxembourg B 112.044
(PEGAS)

**ATTENDANCE AND PROXY FORM FOR THE
ANNUAL GENERAL MEETING OF
PEGAS
FRIDAY, JUNE 15, 2007
WHICH WILL BE HELD AT THE HÔTEL LE ROYAL,
12, BOULEVARD ROYAL, L-2449 LUXEMBOURG
AT 11 A.M.
(the AGM)**

The agenda of the AGM and the proposals of resolutions made by the Board of Directors on the agenda items (the Resolutions) of PEGAS are annexed to this attendance and proxy form, and this annex shall constitute part of the present attendance and proxy form.

Choose one of the 3 options and tick the corresponding box.

1. I wish to attend the AGM in person.
2. I will not attend the AGM in person. I hereby appoint ¹:

the chairman of the AGM

OR

_____ ²

as my proxy to act generally at the AGM in my name and on my behalf and to vote (a) on all the Resolutions and (b) any amendment to the Resolutions and any new resolutions that would be validly presented to AGM, as the proxy sees fit.

3. I will not attend the AGM. I hereby appoint³:

the chairman of the AGM

OR

_____ ⁴

as my proxy to act generally at the AGM in my name and on my behalf and to vote on all the Resolutions with the following voting instructions⁵:

¹ Please tick the corresponding box.

² Please write here the full name of the individual or legal entity you are appointing as your proxy.

³ Please tick the corresponding box.

⁴ Please write here the full name of the individual or legal entity you are appointing as your proxy.

⁵ Please tick the corresponding box

Resolution	2	3	5	6.1	(6.2) ⁶	7.1	7.2	7.3	7.4	8	9
For											
Against											
Abstention											

Resolution	10.1	10.2	11.1	11.2	11.3	11.4	11.5	11.6	11.7	11.8	12
For											
Against											
Abstention											

If amendments or new resolutions were to be validly presented at the AGM, I⁷:

irrevocably give power to the above mentioned proxy to vote in my name and on my behalf and as he sees fit

OR

abstain.

Any blank form will be considered as a proxy to the chairman of the AGM to act generally at the AGM in my name and on my behalf and to vote (a) on all the Resolutions and (b) any amendment to the Resolutions and any new resolutions that would be validly presented to the AGM, as the proxy sees fit. Any lack of choice that is clearly expressed on the various voting instruction options provided above or any contradictory choice will be considered as a choice under option 2, with a proxy to the chairman of the AGM to act generally at the AGM in my name and on my behalf and to vote (a) on all the Resolutions and (b) any amendment to the Resolutions and any new resolutions that would be validly presented to the AGM, as the proxy sees fit.

This attendance and proxy form is governed by, and shall be construed in accordance with Luxembourg law. Luxembourg courts have exclusive jurisdiction to hear any dispute or controversy arising out of or in connection with this attendance and proxy form.

Date and signature

Surname and first name / Name of the company: _____

Address / Registered seat of the company: _____

⁶ Please note that this box will only be taken into consideration if the resolution item no. 6.1 has not been approved by the AGM.

⁷ Please tick the corresponding box.

For company use only : number of shares held.

**ANNEX
AGENDA
PROPOSALS OF RESOLUTIONS**

1. AGENDA ITEM (1) : OPENING

No resolution is proposed.

2. AGENDA ITEM (2) : ELECTION OF THE CHAIRMAN OF THE AGM

PROPOSAL OF RESOLUTION
The AGM elects Henry Gregson as chairman of the AGM.

3. AGENDA ITEM (3) : ANNOUNCEMENTS

PROPOSAL OF RESOLUTION
The AGM elects Lukáš Trávníček as scrutineer of the AGM.

4. AGENDA ITEM (4) : PRESENTATION AND DISCUSSION OF THE REPORT OF THE RÉVISEUR D'ENTREPRISES (INDEPENDENT AUDITOR) REGARDING THE STAND-ALONE ACCOUNTS AND THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 AND THE REPORTS OF THE BOARD OF DIRECTORS OF PEGAS ON THE STAND-ALONE ACCOUNTS AND THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006.

No resolution is proposed.

5. AGENDA ITEM (5) : DISCUSSION AND ADOPTION OF THE STAND-ALONE ACCOUNTS AND THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

PROPOSAL OF RESOLUTION
The AGM approves (i) the stand-alone accounts for the financial year ended 31 December 2006 and (ii) the consolidated accounts for the financial year ended 31 December 2006.

6. AGENDA ITEM (6) : ALLOCATION OF THE RESULTS AS OF 31 DECEMBER 2006

PROPOSAL OF RESOLUTION

The AGM notes, according to stand-alone accounts, that PEGAS has made a loss in an amount of EUR 4,774,484.43 in respect of the financial year ended 31 December 2006.

6.1 The AGM resolves to carry forward to the next financial year the loss in an amount of EUR 4,774,484.43 incurred during the financial year ended on 31 December 2006.

In case the resolution 6.1 is not approved by the AGM, the AGM will vote on the following resolution:

6.2 The AGM resolves to set off the loss in its entirety against the share premium account.

7. AGENDA ITEM (7) : DISCHARGE OF THE LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE FORMER AUDITOR OF PEGAS AND THE *RÉVISEUR D'ENTREPRISES* (THE INDEPENDENT AUDITOR) FOR, AND IN CONNECTION WITH, THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

PROPOSAL OF RESOLUTION

7.1 The AGM resolves to grant discharge to the former members of the Board of Directors for the performance of their duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 1 January 2006 until 30 November 2006.

7.2 The AGM resolves to grant discharge to the members of the Board of Directors for the performance of their duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 30 November 2006 until 31 December 2006.

7.3 The AGM further resolves to give discharge to Ernst and Young S.A., being the *commissaire* (statutory auditor) of PEGAS for the performance of its duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 1 January 2006 until 30 November 2006.

7.4 The AGM further resolves to give discharge to KPMG AUDIT, S.à r.l., being the *réviseur d'entreprises* (the independent auditor) of PEGAS for the performance of its duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 30 November 2006 until 31 December 2006.

8. AGENDA ITEM (8) : APPOINTMENT OF THE *RÉVISEUR D'ENTREPRISES* (INDEPENDENT AUDITOR)

PROPOSAL OF RESOLUTION

The AGM resolves to appoint KPMG AUDIT, S.à r.l. as the *réviseur d'entreprises* (the independent auditor) of PEGAS for a term ending at the annual general meeting of the shareholders to be held in 2008. The mandate of KPMG AUDIT, S.à r.l. shall cover the stand-alone financial accounts and the consolidated accounts of PEGAS.

9. AGENDA ITEM (9) : ADOPTION OF REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS (EXECUTIVE AND NON-EXECUTIVE DIRECTORS) FOR 2006

PROPOSAL OF RESOLUTION

The AGM acknowledges that no remuneration was paid to the members of the Board of Directors in connection with the performance of the function of the executive and non-executive director of PEGAS for the financial year 2006.

10. AGENDA ITEM (10) : ADOPTION OF REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS (EXECUTIVE AND NON-EXECUTIVE DIRECTORS) FOR 2007

PROPOSAL OF RESOLUTION

10.1 In respect of the financial year ending on 31 December 2007, the AGM resolves that (i) Mr Miloš Bogdan, Mr Aleš Gerža, Mr František Klaška and Mr František Řezáč (the Executive Directors) should receive an aggregate amount of CZK 2,182,439 and (ii) Mr Henry Gregson, Mr John Halsted, Mr Bernard Lipinski and Mr David Ring (the Non-Executive Directors) should receive an aggregate amount of EUR 120,000, as directors' fee, payable in cash.

10.2 In respect of the directors' fees relating to the financial year ending on 31 December 2007, the AGM authorises and empowers the Board of Directors to split the above mentioned aggregate amounts between the Executive Directors and the Non-Executive Directors, respectively, in accordance with criteria determined by, and at the discretion of, the Board of Directors.

11. AGENDA ITEM (11) : APPROVAL OF THE BONUS SCHEME AND SHARE PRICE BONUS PLAN FOR VARIOUS MEMBERS OF THE SENIOR MANAGEMENT AND THE MEMBERS OF THE BOARD OF DIRECTORS

PROPOSAL OF RESOLUTION

- 11.1 The AGM resolves to approve the payment of a bonus for the financial year ending on 31 December 2006 to the Executive Directors of the aggregate amount of CZK 5,845,820. The AGM resolves to approve the payment of a bonus for the financial year ending on 31 December 2006 to Mr Bernard Lipinski of the amount of EUR 150,000.
- 11.2 In respect of the bonus payable to the Executive Directors relating to the financial year ending on 31 December 2006, the AGM authorises and empowers the Board of Directors to split the above mentioned aggregate amount between the Executive Directors in accordance with criteria determined by, and at the discretion of, the Board of Directors.
- 11.3 The bonus payable to the members of the senior management relating to the financial year ending on 31 December 2007, will be determined by the relevant subsidiaries of PEGAS which employ the respective members of the senior management.
- 11.4 The AGM resolves to approve the grant of an aggregate amount of 173,755 phantom options to the directors of PEGAS, against no consideration. Each phantom option, when exercised, will grant the director the right to receive a phantom share. i.e. the right to receive in cash an amount equal to the difference between CZK 749.20 representing the offer price for which one share of PEGAS was sold to investors in the initial public offering of the shares of PEGAS (**the IPO**) and the closing price of one company share on the day preceding the day of exercise of the phantom option on the Prague stock exchange (**the PSE**) (or other market if the PSE trading is discontinued). 25% phantom options will vest yearly, with the first options vesting on the 1st anniversary of the IPO, i.e. on 18 December 2007 and the last options vesting on the 4th anniversary of the IPO.
- 11.5 The AGM authorises and empowers the Board of Directors to allocate the above mentioned phantom options between the directors in accordance with criteria determined by, and at the discretion of, the Board of Directors.
- 11.6 The AGM resolves to approve the grant of an aggregate amount of 56,980 phantom options to Mr Rostislav Vrbáček and Mr Lukáš Trávníček, being the members of the senior management of PEGAS NONWOVENS s.r.o., against no consideration. Each phantom option, when exercised, will grant the member of the senior management the right to receive a phantom share. i.e. the right to receive in cash an amount equal to the difference between CZK 749.20 representing the offer price for which one share of PEGAS was sold to the investors in the IPO and the closing price of one company share on the day preceding the day of exercise of the phantom option on the the PSE (or other market if the PSE trading is discontinued). 25% phantom options will vest yearly, with the first options vesting on the 1st anniversary of the IPO, i.e. on 18 December 2007 and the last options vesting on the 4th anniversary of the IPO.
- 11.7 The AGM authorises and empowers the Board of Directors to allocate the above mentioned phantom options between the members of the senior management in accordance with criteria determined by, and at the discretion of, the Board of Directors.
- 11.8 The AGM approves the principles of the bonus scheme for 2007 as indicated in the document having been (i) made available at the AGM, and in addition, (ii) published on the website of PEGAS on June 8th, 2007.

12. AGENDA ITEM (12) : DISTRIBUTION OF SHARE PREMIUM AND GRANT OF AUTHORITY TO THE BOARD OF DIRECTORS TO DISTRIBUTE SHARE PREMIUM

PROPOSAL OF RESOLUTION

The AGM resolves that the share premium account may be distributed in full, in one or several times, to the shareholders. The AGM further resolves to grant authority to the Board of Directors to make distributions taken from the share premium account of PEGAS, within the limits set forth by applicable law. The Board of Directors shall determine the terms and conditions of the distributions taken from the share premium account, and it shall in particular determine the amount to be paid, the payment date and the nature of the payment (i.e. in cash or in kind).

13. AGENDA ITEM (13) : MISCELLANEOUS

No resolution is proposed.

14. AGENDA ITEM (14) : CLOSING

No resolution is proposed.