

FORM AGREEMENT ON MANAGEMENT BONUS

between

PEGAS NONWOVENS SA, a *société anonyme* incorporated under the laws of Luxembourg having its registered office at 68-70 Boulevard de la Pétrusse in L - 2320 Luxembourg, registered with the Luxembourg trade and companies register under number B 112.044
(Company)

and

[*name of the relevant director*]

I. Definitions

Shareholders Agreement means an agreement concluded, among others, between the Director PEGAS NONWOVENS SA and CEE Enterprise a.s. on January 20, 2006.

EBITDA means consolidated profit of the Group before interest, taxes, depreciation and amortization calculated in accordance with clause II below.

Group means PEGAS NONWOVENS SA and all of its direct and indirect share participations, i.e. CEE Enterprise a.s., PEGAS NONWOVENS s.r.o., PEGAS – DS a.s., PEGAS-NT a.s. and PEGAS - NW a.s. and a **Group Company** means any of the above companies

Target bonus means an amount of [*amount to be set for each year by the Board of Directors*].

Maximal bonus means an amount corresponding to [*two times of the Target bonus or such other amount which will be set for each year by the Board of Directors*].

Budgeted EBITDA for ● means [*amount to be set for each year by the Board of Directors*].

II. Bonus for achievement of ● budgeted economic results

The parties of this agreement agreed on the following conditions for payment of the bonus for achievement of ● budgeted economic results.

Basis for the bonus calculation according to this paragraph is the EBITDA calculated in accordance with Czech/Luxembourg GAAP as the consolidated profit for the Group for ● adjusted as follows:

- before deducting any depreciation or amortization;

- before taking into account all extraordinary items (whether positive or negative) and exceptional items (whether positive or negative);
- before deducting any amount of Tax on profits, gains or income paid or payable by the Group and any amount of any rebate or credit in respect of Tax on profits, gains or income received or receivable by the Group;
- before taking into account Interest accrued as an obligation of or owed to any member of the Group whether or not paid, deferred or capitalized;
- before taking into account any gains or losses due to exchange rate movement arising from financial indebtedness and all unrealized FX differences as at December 31, ●;
- before deducting any costs related to termination of the Shareholder Agreement;
- before taking into account any gain or losses over book value arising in favour of a member of the Group on the disposal of any asset (not being any disposals made in the ordinary course of trading) and any gain or losses arising on any revaluation of any asset or liabilities;
- before taking into account any difference between budgeted and paid remuneration of the members of the boards of directors and supervisory boards within the Group.

An annual average rate announced by the Czech National Bank will be used for recalculation of both the budgeted EBITDA for ● and the achieved EBITDA.

Bonus for achievement of ● budgeted economic results will be calculated as follows:

- a) If achieved EBITDA is equal to Budgeted EBITDA for ●, the bonus will be Target bonus.
- b) *[a part of the Target bonus to be paid if the achieved EBITDA is below the Budgeted EBITDA in accordance with criteria set for each year by the Board of Directors]*
- c) *[the amount of the Target bonus to be increased if the achieved EBITDA is above the Budgeted EBITDA up to the amount of the Maximum Bonus in accordance with criteria set for each year by the Board of Directors].*

III.

Due date of the management bonus and further conditions for its payment

Management bonus is to be paid in February *[following year]* on the ordinary pay date of the Group.

The Director shall receive no bonus under this Agreement if during the year ● or as of December 31, ●

- any employment or directorship relationship with the Director is cancelled by any Group Company or the Director is demoted to a lower position by the Company or any other Group Company, in either case exclusively for any reason stated in Schedule 1 to this agreement; or
- any employment or directorship relationship with the Company or any other Group Company is cancelled by the Director.

If any employment or directorship relationship with the Director is terminated by the Company or another Group Company due to any reasons other than the reasons stated in Schedule 1 hereto, or the Director has died, the Director shall be entitled to receive a pro-rata portion of the management bonus payable to him under this agreement in respect of the period from January 1, ● until the termination. Such pro-rated management bonus shall be payable on the ordinary pay day of the Group in February [*following year*].

IV. Closing provisions

This agreement is concluded in two counterparts. Each party will receive one original.

SCHEDULE 1

Director:

- (a) insofar relating to any Czech law governed employment relationship, commits by a wilful action or omission an especially serious breach of obligations (save for a breach of non-competition undertakings set out in paragraph (c) below) imposed upon the person by Czech legal obligations (*porušení povinnosti vyplývající z právních předpisů vztahujících se k zaměstnancem vykonávané práci zvláště hrubým způsobem*) of such a nature that it (i) constitutes grounds for immediate termination (*okamžité zrušení pracovního poměru*) of that relationship by the relevant Group Company on these grounds and (ii) has or will have a seriously adverse effect on the financial conditions of the Group Companies as a whole; or
- (b) insofar relating to any relationship not specified in paragraph (a) above, commits by a wilful action or omission a serious breach of his duties (save for a breach of non-competition undertakings set out in paragraph (c) below) of such a nature that it (i) constitutes grounds for termination of that relationship by the Company on these grounds and (ii) has or will have a seriously adverse effect on the financial conditions of the Group Companies as a whole; or
- (c) before the expiry of any and all non-competition undertakings that may be in force under any employment or directorship agreement with any Group Company (including without limitation any such non-competition undertakings surviving the termination of the respective agreement in accordance with its terms), in each case save for due performance of the person's duties under the respective agreements,
 - (i) is concerned in any business carrying on business which is competitive with any of the businesses carried on by any Group Company;
 - (ii) canvasses or solicits orders for goods of a similar type to those being manufactured or dealt in or for services similar to those being provided by any Group Company from any person who is or has been at any time a customer of any Group Company;
 - (iii) induces or attempts to induce any supplier of any Group Company to cease to supply, or to restrict or vary the terms of supply, to that Group Company;
 - (iv) induces or makes a material attempt to induce any employee of a Group Company to leave the employment of that Group Company,

provided that for the purposes of this clause a person is concerned in a business if he carries it on as principal or agent or if:

- (1) he is a partner, director, employee, secondee, consultant or agent in, of or to any person who carries on the business; or
 - (2) he has any direct or indirect financial interest (as shareholder or otherwise) in any person who carries on the business; or
 - (3) he is a partner, director, employee, secondee, consultant or agent in, of or to any person who has a direct or indirect financial interest (as shareholder or otherwise) in any person who carried on the business;
- (d) insofar relating to any Czech law governed employment relationship, whose employment or directorship is terminated by the relevant Group Company as a result of a serious breach of obligations imposed upon the person by Czech legal obligations (*závažné porušení povinnosti vyplývající z právních předpisů vztahujících se k zaměstnancem vykonávané práci*), other than as mentioned in this schedule above, in respect of a Czech law governed agreement or, subject to the conditions under applicable law and the respective agreement governed by Czech law, as a result of the person having been convicted of a criminal offence caused by wilful conduct; or
- (e) insofar relating to any relationship not specified in paragraph (d) above whose employment or directorship is terminated by the relevant Group Company as a result of a serious breach of the director's duties, other than as mentioned above, or the director having been convicted of a criminal offence caused by wilful conduct.