

## Resolutions of the Extraordinary General Meeting

**PEGAS NONWOVENS S.A.**

*Société Anonyme*

**Registered office: 68-70, boulevard de la Pétrusse, L-2320 Luxembourg**

**R.C.S. Luxembourg B 112.044**

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**Extraordinary general meeting of the shareholders of PEGAS NONWOVENS S.A.**

**held at 68-70, boulevard de la Pétrusse, L-2320 Luxembourg,**

**Grand-Duchy of Luxembourg,**

**on 21 July 2014 at 1.00 p.m. Central European Time**

In the year two thousand and fourteen, on the twenty-first day of July at 1.00 p.m. Central European Time, is held the extraordinary general meeting of the shareholders (the “**EGM**” or the “**Meeting**”) of PEGAS NONWOVENS S.A., a Luxembourg public limited liability company (*société anonyme*), having its registered office at 68-70, boulevard de la Pétrusse, L-2320 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 112.044 (“**PEGAS**”).

The Meeting is opened by a member of the Board of Directors, Marian Rašík, who proposes to the Meeting that Mr. Aldo Schuurman, lawyer, professionally residing in the Grand Duchy of Luxembourg, be appointed as chairman of the Meeting (the “**Chairman**”). The Meeting elects Aldo Schuurman as Chairman.

Upon the powers granted by the Meeting to the Chairman, the Chairman appoints Ms. Ekaterina Lebedeva, lawyer, professionally residing in the Grand Duchy of Luxembourg, as secretary (the “**Secretary**”) and Ms. Eleni Kokkinou, lawyer, professionally residing in the Grand Duchy of Luxembourg, as scrutineer (the “**Scrutineer**”) and together with the Chairman, the Secretary constituting the “**Bureau**”).

The shareholders present, represented or voting by correspondence and the number of shares they hold are indicated on an attendance list, which will remain attached to the present minutes after having been signed by shareholders attending the Meeting or their representatives and the members of the Bureau.

The proxies from the shareholders represented at the present Meeting and the correspondence voting forms from the shareholders, or copies thereof, will also remain attached to the present minutes.

The Bureau having thus been constituted, the Chairman declares and the Meeting records that:

- I. The shareholders of PEGAS were duly convened to the Meeting by two separate convening notices containing the agenda of the Meeting, each published twice in the *Mémorial, Recueil des Sociétés et Associations* C - N° 1623 of 25 June 2014 and N° 1714 of 3 July 2014 and in the Tageblatt of 25 June 2014 and of 3 July 2014 respectively. Copies of these respective publications have been deposited with the Bureau of the Meeting.
- II. In addition, the convening notice was sent to the registered shareholders, the members of the Board of Directors and the auditor of PEGAS and was published through (i) the ESPI system, which is the electronic reporting system in Poland, (ii) the reporting system of the Prague Stock Exchange, (iii) the Officially Appointed Mechanism of the Luxembourg Stock Exchange, and (iv) in media as may be reasonably relied on for the effective dissemination of information to the public throughout the European Economic Area. The notification of the record date, as well as of the place and date of the Meeting has been published (i) in Czech newspapers Lidové noviny, and (ii) in Polish newspapers Parkiet. The convening notice was posted on PEGAS’ website on 20 June 2014 together with the other documents related to the EGM as required by law.

- III. In respect of item 1 and item 15 of the agenda, no specific quorum is required for the valid deliberation or acknowledgement of the EGM and the resolutions are taken by a simple majority of the votes cast by the shareholders present or represented at the EGM. Items 2 to 10 were already deliberated and voted on at the annual general meeting held on 16 June 2014 (the “AGM”) and will therefore not be dealt with at the EGM. In respect of items 11, 12, 13 and 14, the required quorum of at least one half of the share capital has not been reached at the AGM, and, therefore, this second EGM shall validly deliberate and vote on those items regardless of the proportion of the share capital present or represented at the EGM. The resolutions in respect of items 11 to 14 must be carried by at least two-thirds of the votes cast (it being understood that votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote).
- IV. The agenda of the EGM follows the agenda of the prior AGM and is as follows:
1. Election of the Scrutiny Committee (*Bureau*) of the Meeting.
  2. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  3. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  4. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  5. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  6. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  7. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  8. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  9. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  10. [Not applicable; this item was already validly deliberated and voted on at the AGM.]
  11. Conversion into 230,735 warrants of the existing 230,735 options granted under a phantom options scheme that was established in 2010 by PEGAS for the benefit of various members of senior management and the members of the Board of Directors of PEGAS, without any consideration being owed to PEGAS by the holders of such existing options.
  12. Issue of 230,735 warrants under the incentive scheme mentioned under item 10 and exclusion of shareholders’ pre-emptive subscription rights in connection therewith.
  13. Amendment (in the form of a replacement) of articles 5.2, 5.3, 5.4, 5.5, 6.5, 7 (in its entirety), 17.2 and 18.3 of the Articles of Association, including the introduction of a new authorised capital.
  14. Authorisation to the Board of Directors to exclude or limit shareholders’ pre-emptive subscription rights with respect to the issue of new securities within the new authorised capital to be introduced under item 13.
  15. Miscellaneous.
- V. It appears from the attendance list that out of the 9,229,400 ordinary shares of PEGAS having a nominal value of EUR 1.24 each, 4,488,162 ordinary shares, representing 48.63% (rounded up) of the subscribed share capital of PEGAS amounting to EUR 11,444,456 are present or duly

represented or have duly voted by correspondence at the Meeting, which is thus regularly constituted and can validly deliberate on all the items on the agenda.

This having been explained to and recognised accurate by the Meeting, the Secretary reads on request of the Chairman the following reports:

- i) the special report of the Board of Directors of PEGAS on the exclusion or limitation of shareholders' pre-emptive subscription rights within the framework of the new remuneration scheme mentioned under item 10 and within the new authorised capital to be introduced under item 13 of the agenda (containing detailed reasons therefor and dealing in particular with the proposed issue price); and
- ii) the full, unabridged text of the new articles 5.2, 5.3, 5.4, 5.5, 6.5, 7, 17.2 and 18.3 that will replace the corresponding existing articles of the Articles of Association as well as a consolidated version of the Articles of Association as they will read after adoption of the proposed amendments.

After deliberation, the Meeting passes the following resolutions:

**1. AGENDA ITEM (1): ELECTION OF THE SCRUTINY COMMITTEE (BUREAU) OF THE MEETING.**

<b>RESOLUTION</b>
<p>The Meeting has elected the Chairman as above mentioned. The Meeting has authorised the Chairman, in the name and on behalf of the Meeting, to appoint the Scrutineer and Secretary amongst the persons present at the Meeting.</p> <p>For this resolution, a total of 4,488,162 votes for a total of 4,488,162 shares have been validly expressed either in person, or by way of proxy or by way of correspondence voting form, representing 48.63% (rounded up) of the subscribed share capital of PEGAS.</p> <p>This resolution has been adopted by 4,488,162 shares, no shares having abstained, no shares having voted against.</p>

<b>JUSTIFICATION GIVEN BY THE BOARD</b>
<p>Pursuant to PEGAS' Articles of Association, the Bureau of the EGM must be composed of the Chairman, Secretary and Scrutineer. Aldo Schuurman, attorney at law (<i>avocat</i>), partner of Van Campen Liem Luxembourg, is a Luxembourg lawyer, who assisted PEGAS' Board of Directors in convening this EGM and is familiar with PEGAS' constitutional documents. He has reviewed the documents sent by PEGAS' shareholders for the purpose of this EGM and is in the best position to perform the duties assigned to the Chairman and to designate the other members of the Bureau amongst the persons present at the EGM. Therefore, PEGAS' Board of Directors proposes that the Bureau is composed of Aldo Schuurman as Chairman, and that the Chairman appoints the Scrutineer and the Secretary. In case of impediments of the proposed chairman of the EGM, it is proposed that the EGM authorises the chairman of the Board of Directors, or in case of his absence, any other member of the Board of Directors present at the EGM, to appoint, in the name and on its behalf, the members of the Bureau amongst the persons present at the EGM.</p>

**2. AGENDA ITEM (2) TO AGENDA ITEM (10): WERE ALREADY VALIDLY DELIBERATED AND VOTED ON AT THE PRIOR AGM.**

**3. AGENDA ITEM (11): CONVERSION INTO 230,735 WARRANTS OF THE EXISTING 230,735 OPTIONS GRANTED UNDER A PHANTOM OPTIONS SCHEME THAT WAS ESTABLISHED IN 2010 BY PEGAS FOR THE BENEFIT OF VARIOUS MEMBERS OF SENIOR MANAGEMENT AND THE MEMBERS OF THE BOARD OF DIRECTORS OF**

**PEGAS, WITHOUT ANY CONSIDERATION BEING OWED TO PEGAS BY THE HOLDERS OF SUCH EXISTING OPTIONS.**

**RESOLUTION**

The Meeting resolves to convert 230,735 phantom options granted in 2010-2013 by PEGAS to the directors and senior management of PEGAS and/or its affiliates into 230,735 warrants. Each warrant, when exercised, will grant the holder the right to receive (i) one share in PEGAS for a strike price corresponding to CZK 473.-, representing the PEGAS's share price on the Prague Stock Exchange (the "PSE") as of 15 December 2009 increased by 10%, or (ii) a payment in cash amounting to the final price of one share of PEGAS on the Prague Stock Exchange on the business day preceding the exercise date, less CZK 473.- representing the PEGAS's share price on the PSE as of 15 December 2009 increased by 10%. All the warrants will vest immediately from their granting date and will have the same exercise period that initially planned for the phantom options.

The Meeting authorizes and empowers the Board of Directors to evidence and execute the conversion of the 230,735 phantom options into 230,735 warrants by the signature of agreements or any other documents which might be required or necessary for that purpose.

For this resolution, a total of 4,488,162 votes for a total of 4,488,162 shares have been validly expressed either in person, or by way of proxy or by way of correspondence voting form, representing 48.63% (rounded up) of the subscribed share capital of PEGAS.

This resolution has been adopted by 4,010,397 shares, no shares having abstained, 477,765 shares having voted against.

**JUSTIFICATION GIVEN BY THE BOARD**

The proposed conversion of existing options into warrants is in line with the approved incentive policies and rules in the previous years. There is no need to exclude shareholders' pre-emptive subscription rights in connection with the conversion because the options were granted for no consideration and because the options are also being converted without any consideration being owed to PEGAS.

**4. AGENDA ITEM (12): ISSUE OF 230,735 WARRANTS UNDER THE INCENTIVE SCHEME MENTIONED UNDER ITEM 10 AND EXCLUSION OF SHAREHOLDERS' PRE-EMPTIVE SUBSCRIPTION RIGHTS IN CONNECTION THEREWITH.**

**RESOLUTION**

12.1 The Meeting resolves to issue 230,735 new warrants (representing 2.5% of the PEGAS's share capital) to the directors and senior management of PEGAS and/or its affiliates collectively, for a subscription price of CZK 5.89 per new warrant to be paid in cash by the directors, it being understood that the Board of Directors of PEGAS will decide how the new warrants will be divided among the directors and senior management of PEGAS and/or its affiliates. Each new warrant, when exercised, will entitle the holder to either receive (i) one share in PEGAS for a strike price corresponding to CZK 588.16 (representing the average of PEGAS's share price on the Prague Stock Exchange from 1 October 2013 to 31 December 2013) less all the dividends which have been validly declared by PEGAS, per PEGAS's share, for the relevant financial year(s) (i.e. the financial year 2014 for the new warrants to be vested in 2014, the financial years 2014 and 2015 for the new warrants to be vested in 2015 and the financial years 2014, 2015 and 2016 for the new warrants to be vested in 2016), or (ii) a payment in cash amounting to the final price of one share of PEGAS on the Prague Stock Exchange on the business day preceding the exercise date, plus all the dividends which have been validly declared by PEGAS, per PEGAS's share, for the relevant financial year(s) (i.e. the financial year 2014 for the new warrants to be vested in 2014, the financial years 2014 and 2015 for the new warrants to be vested in 2015 and the financial years 2014, 2015

and 2016 for the new warrants to be vested in 2016), less the strike price of CZK 588.16 (representing the average of PEGAS's share price on the Prague Stock Exchange from October 1, 2013 to December 31, 2013).

The Meeting authorizes and empowers the Board of Directors to evidence and execute the issuance of new warrants by the signature of agreements or any other documents which might be required or necessary for that purpose, and to allocate the 230,735 new warrants between the directors and senior management of PEGAS and/or its affiliates in accordance with criteria determined by, and at the discretion of, the Board of the Directors.

For this resolution, a total of 4,488,162 votes for a total of 4,488,162 shares have been validly expressed either in person, or by way of proxy or by way of correspondence voting form, representing 48.63% (rounded up) of the subscribed share capital of PEGAS.

This resolution has been adopted by 3,919,616 shares, no shares having abstained, 568,546 shares having voted against.

12.2 The Meeting resolves to exclude shareholders' pre-emptive subscription rights in connection with the issue of 230,735 warrants mentioned above.

For this resolution, a total of 4,488,162 votes for a total of 4,488,162 shares have been validly expressed either in person, or by way of proxy or by way of correspondence voting form, representing 48.63% (rounded up) of the subscribed share capital of PEGAS.

This resolution has been adopted by 3,919,616 shares, no shares having abstained, 568,546 shares having voted against.

#### **JUSTIFICATION GIVEN BY THE BOARD**

The proposed issue of new warrants (and the exclusion of shareholders' pre-emptive subscription rights) is in line with the new incentive scheme approved under item 10 above.

The strike price which applies to the new warrants, i.e. CZK 588.16, is calculated on the basis of the average of PEGAS's share price on the Prague Stock Exchange from 1 October 2013 to 31 December 2013. The new warrant purchase price of CZK 5.89 corresponds to their fair market value as determined by an expert valuation.

In accordance with article 32-3 (5) of the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time, the Board of Directors of PEGAS addressed a report to the PEGAS' shareholders whereby it proposed to the latter to exclude pre-emptive subscription rights (and also with respect to the exclusion or limitation of pre-emptive subscription rights under item 14).

#### **5. AGENDA ITEM (13): AMENDMENT (IN THE FORM OF A REPLACEMENT) OF ARTICLES 5.2, 5.3, 5.4, 5.5, 6.5, 7 (IN ITS ENTIRETY), 17.2 AND 18.3 OF THE ARTICLES OF ASSOCIATION, INCLUDING THE INTRODUCTION OF A NEW AUTHORISED CAPITAL.**

#### **RESOLUTION**

The Meeting resolves to amend and replace the existing articles 5.2, 5.3, 5.4, 5.5, 6.5, 7 (in its entirety), 17.2 and 18.3 of the Articles of Association in accordance with the document submitted to the Meeting.

For this resolution, a total of 4,488,162 votes for a total of 4,488,162 shares have been validly expressed either in person, or by way of proxy or by way of correspondence voting form, representing 48.63%



(rounded up) of the subscribed share capital of PEGAS.

This resolution has been adopted by 3,723,012 shares, no shares having abstained, 765,150 shares having voted against.

#### **JUSTIFICATION GIVEN BY THE BOARD**

PEGAS intends to amend the existing Articles of Association in order to implement the resolutions adopted at the present EGM as well as to renew/vary the existing authorised capital as mentioned in the Articles of Association and to replace certain outdated provisions of the Articles of Association (due to new legislation).

By the proposed increase of the authorized capital PEGAS intends to give the Board of Directors a flexibility to improve Company's positions by enabling the Board of Directors to be financially flexible in further development of the Company, as well as to allow the Board of Directors to make use of new investment opportunities.

#### **6. AGENDA ITEM (14): AUTHORISATION TO THE BOARD OF DIRECTORS TO EXCLUDE OR LIMIT SHAREHOLDERS' PRE-EMPTIVE SUBSCRIPTION RIGHTS WITH RESPECT TO THE ISSUE OF NEW SECURITIES WITHIN THE NEW AUTHORISED CAPITAL TO BE INTRODUCED UNDER ITEM 13.**

#### **RESOLUTION**

The Meeting resolves to authorise the Board of Directors of PEGAS to exclude or limit shareholders' pre-emptive subscription rights with respect to the issue of new securities within the new authorised capital as set out in the amended Articles of Association.

For this resolution, a total of 4,488,162 votes for a total of 4,488,162 shares have been validly expressed either in person, or by way of proxy or by way of correspondence voting form, representing 48.63% (rounded up) of the subscribed share capital of PEGAS.

This resolution has been adopted by 3,743,125 shares, no shares having abstained, 745,037 shares having voted against.

#### **JUSTIFICATION GIVEN BY THE BOARD**

In accordance with article 32-3 (5) of the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time, the Board of Directors of PEGAS addressed a report to the PEGAS' shareholders whereby it proposed to the latter to exclude or limit the pre-emptive subscription rights of the existing shareholders of PEGAS with respect to the issue of new securities within the new authorized capital to be introduced under item 13 (and also with respect to exclusion of pre-emptive subscription rights under item 12). In its report, the Board of Directors of PEGAS explained that the possibility for such issuance is to give the Board of Directors a flexibility to improve Company's positions by enabling the Board of Directors to be financially flexible in further development of the Company, as well as to allow the Board of Directors to make use of new investment opportunities. Accordingly, the Board of Directors of PEGAS is of the opinion that the PEGAS' shareholders should resolve to authorise the Board of Directors to exclude or limit the pre-emptive subscription right of the existing shareholders of PEGAS with respect to the issue of securities within the new authorized capital to be introduced under item 13.



**7. AGENDA ITEM (15): MISCELLANEOUS.**

No resolution is proposed.

There being no further business on the agenda, the Meeting is closed at 2:15 p.m. CET.

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These minutes having been read to the Meeting, the Bureau signs these minutes in original, no shareholder expressing the wish to sign.

Chair

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By: H.A. Schuurman

Secretary

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By: Ekaterina Lebedeva

Scrutineer

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By: Eleni Kokkinou