

REPORT PREPARED BY THE BOARD OF DIRECTORS OF FLUIDRA, S.A. RELATING TO THE PROPOSAL OF AMENDMENT OF THE BYLAWS AND OF THE GENERAL MEETING'S RULES AND REGULATIONS TO BE SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING FOR APPROVAL (ITEMS EIGHT AND NINE ON THE AGENDA)

This Report is issued by the board of directors of Fluidra, S.A. in compliance with article 286 of the Restated Corporations Law, approved by Legislative Royal Decree 1/2010, of July 2 (the “**Corporations Law**”) and with article 29 of the General meeting's rules and regulations (the “**Regulations**”), to support the proposal for amendment to the bylaws (consisting of the amendment of articles 8, 10, 11, 14, 18, 20, 24, 25, 27, 29, 30, 33, 34, 37, 42, 46, 48, 51, 52, 56, 57, 58, 59, 60 and 61 of the bylaws) and the proposal for amendment of the Regulations (consisting of the amendment of the Preamble and of articles 4, 5, 6, 7, 8, 9, 12, 13, 15, 22, 25 and 27) which are submitted for consideration and, if fitting, approval, to the annual shareholders meeting called to be held on June 8, 2011, at 12:30 h., at first and single call, making up items eight and nine on the agenda.

1. Grounds of the proposals for amendment

Due to the recent entry into force (i) of the Corporations Law and consequent repeal of the restated Corporations Act approved by Legislative Royal Decree 1564/1989, of December 22 (hereinafter, the “**Corporations Act**”) and (ii) of Law 12/2010, of June 30, amending Law 19/1988, of July 12, Accounts Audit Law, Law 24/1988, of July 28, Securities Market Law and the restated Corporations Act approved by Legislative Royal Decree 1564/1989, of December 22, for adaptation to EU law (hereinafter, “**Law 12/2010**”), the board of directors of the Company has considered it appropriate to propose to the annual shareholders' meeting the amendment of certain articles of the corporate bylaws and of the Regulations, for the following purposes:

- (i) to update the bylaws and the Regulations, omitting the references made to the Corporations Act replacing them by references to the Corporations Law;
- (ii) to adapt the bylaws and the Regulations to the recent legislative amendments made by said Corporations Law and Law 12/2010; and
- (iii) to make certain technical and drafting improvements.

After mentioning the main objectives of the proposed amendment, an explanation is provided below of the proposed amendments for each of the articles of the bylaws and of the Regulations that would be amended:

1.1 Proposal of amendment of the bylaws

- a. The proposal of amendment of articles 10, 29, 52, 56, 58, 59 and 60 (fourth paragraph) of the bylaws has the mere purpose of omitting

the references made to the Corporations Act and replacing them by references to the Corporations Law.

- b. The proposal of amendment of articles 30, 33, 60 (third paragraph) and 61 of the bylaws has the mere purpose of omitting the references made in each of said articles to certain articles of the Corporations Act and making the appropriate references to articles of the Corporations Law.
- c. The proposal of amendment of articles 8(c), 11, 14 (second and third paragraphs), 18 and 24 of the corporate bylaws has the purpose of adapting said articles to the new terminology used by the Corporations Law. Particularly, the item “calls for capital” (“dividendos pasivos”) is replaced by “outstanding calls for capital” (“desembolsos pendientes”), the item “shares with outstanding calls for capital” (“acciones con dividendos pasivos pendientes”) is replaced by “unreleased shares” (“acciones no liberadas”), the item “remission of calls for capital” (“condonación de dividendos pasivos”) is replaced by “cancellation of the obligation to pay outstanding contributions” (“la condonación de la obligación de realizar aportaciones pendientes”) and, lastly, the item “audit the corporate management” (“censurar la gestión social”) is replaced by “approve the corporate management” (“aprobar la gestión social”).
- d. The proposal for amendment of article 8(b) of the bylaws, relating to the preemptive subscription right of the shareholders in the issuance of new shares has the purpose of adapting the article to article 304 of the Corporations Law after the amendment made by Law 3/2009, of April 3, on structural modifications of Corporations (**“Structural Modifications Law”**).

The Structural Modifications Law reworded article 158 of the Corporations Act on the preemptive subscription right to include, inter alia, certain provisions of Directive 77/91/EEC, of December 13, 1976.

Thus, a change is made to the wording of article 8, section (b), to limit the preemptive subscription right in increases of capital only to events in which the issuance of the new shares is charged to contributions in cash.

- e. The proposal of amendment of article 14 (first paragraph) of the corporate bylaws, relating to the procedure and deadline for outstanding calls on capital, has the purpose of adapting the wording to the new regulation established in article 81 of the Corporations Law.

The Structural Modifications Law amended article 42 of the Corporations Act on calls for capital to establish that the shareholder should contribute to the Company the portion of capital that was left

outstanding, “in the manner and within the maximum term established in the bylaws”. In turn, the Corporations Law has omitted the term “maximum” and establishes that the shareholder should contribute to the Company the portion of capital left outstanding, “in the manner and within the term established in the bylaws”. Accordingly, with the amendment of article 14 (first paragraph) of the bylaws, it is intended to establish, in the bylaws, the manner and term for outstanding calls for capital, which would be, due to the amendment, the manner and term established in the respective resolution to increase capital.

- f. The proposal of amendment of article 20 of the bylaws, relating to the cancellation of the preemptive subscription right for convertible debentures, has the purpose of adapting the article to the amendment made by the Structural Modifications Law, which established a special regulation relating to the cancellation of the preemptive subscription right for convertible debentures. Thus, the reference made to the fact that said right will be governed by the rules applicable to the cancellation of the preemptive subscription right over shares since this matter currently has its own regulation.
- g. The proposal for amendment of article 25 of the bylaws, relating to the call for the shareholders’ meeting, has the purpose of:
 - i. Adapting to the new legislation the dissemination and content of the notice of call for the shareholders’ meeting:
 - 1. In respect of the means for publication of the call, it is proposed to make the provision more flexible, establishing that the shareholders’ meeting will be called as provided for by legislation in force.
 - 2. Relating to the content that the call should have in any case, it is proposed that the new formal requirements established in article 174.1 of the Corporations Law be included as regards the inclusion in the call of the name of the Company, of the time of the shareholders’ meeting and of the agenda.
 - ii. Adapting the article to the wording of article 167 of the Corporations Law, relating to the duty to call the directors. Thus, it is proposed that the duty of the managing body to call the shareholders’ meeting “whenever it deems this to be necessary or advisable in the interest of the company” be included.
 - iii. Relating to the term to call the shareholders’ meeting at the request of shareholders holding at least 5% of the share capital, adapting the term for the call to “one month” as established in article 168, second paragraph, of the Corporations Law.

- h. The proposal of amendment of article 27 of the corporate bylaws, relating to events that require, for their approval, a qualified quorum of fifty per cent of the capital at first call and of twenty-five per cent at second call, has the purpose of adding the new events contemplated in article 194 of the Corporations Law (which contemplates the amendment made by the Structural Modifications Law to the repealed article 102 of the Business Corporation Law), in other words, the cancellation or limitation of the preemptive subscription right, the transfer en bloc of assets and liabilities and the relocation of the registered office abroad. In addition, the proposal contemplates adding to such events that of dissolution by mere resolution of the shareholders' meeting regulated in article 368 of the Corporations law and article 17 of the Regulations.
- i. The proposal of amendment of article 34 of the bylaws, relating to the minutes of the shareholders' meeting, has the purpose of adapting the wording to the terms of articles 202 and 203 of the Corporations Law, to add the term "controlling shareholders" instead of the term "participants" and to establish, firstly, that the corporate resolutions may be executed after the date of approval of the minutes in which they are recorded and, secondly, that the notarized minutes are not subject to the formality of approval.
- j. The proposal of amendment of article 37 of the bylaws, relating to director status, has the purpose of adapting said article to the provisions of article 230.1 of the Corporations Law, to establish that the directors may not engage, for their own account or for the account of any third party, in any activity that is the same as or similar or supplementary to the activity making up the corporate purpose of the Company, unless this is expressly authorized by the Shareholders' Meeting.
- k. The proposal of amendment of article 42 of the corporate bylaws, relating to the conduct of board meetings, has the purpose of adapting said article to the terms of article 247 of the Corporations Law, to establish that the board will be validly assembled when the "majority" of its members are present in person or duly represented by another director.
- l. The proposal of amendment of article 46 of the corporate bylaws, relating to the Audit Committee, has the purpose of adapting the composition and powers of the Audit Committee to Additional Provision 18 of Law 24/1988, of July 28, Securities Market Law as restated by Law 12/2010.
- m. The proposal of amendment of article 48 of the corporate bylaws, relating to the corporate web page, has the purpose of including the obligation that the Company should have an Electronic Forum for Shareholders pursuant to article 528 of the Corporations Law.

- n. The proposal of amendment of article 51 of the corporate bylaws, relating to the annual financial statements, has the purpose of completing the content of the annual financial statements, pursuant to article 254 of the Corporations Law (which contemplates the wording given by Law 16/2007, of July 4, to the repealed article 171 of the Corporations Act) and, accordingly, add as documents of the financial statements a statement of changes in equity of the year and a statement of cash flow.
- o. The proposal of amendment of article 57 of the bylaws, relating to the proposal for the allocation of results, has the purpose of omitting the reference to article 194 of the Corporations Act which was repealed by Law 16/2007, of July 4.

In view of the above, articles 8, 10, 11, 14, 18, 20, 24, 25, 27, 29, 30, 33, 34, 37, 42, 46, 48, 51, 52, 56, 57, 58, 59, 60 and 61 of the corporate bylaws of the Company would be amended to be restated as established for each one of them in section 2 below of this report.

It is also proposed to repeal in full the current bylaws of the Company, rendering them null and void as currently worded and to approve a restated version of the bylaws the wording of which is attached to this report as **Schedule 1**.

Lastly, to facilitate the comparison between the new wording of the articles of the bylaws that it is proposed be amended and their current wording, a transcription of the articles in effect on which the amendments proposed are marked as track changes is attached as **Schedule 2** to this report.

1.2 Proposal of amendment of the Regulations

- a. The proposal of amendment of the Preamble and of articles 5(l), 9, 12 and 22 of the Regulations has the mere purpose of omitting the references made in each of said articles to certain articles of the Corporations Act and to include the appropriate references to the articles of the Corporations Law.
- b. The proposal of amendment of articles 4 and 5(a) of the Regulations has the purpose of adapting said articles to the new terms used by the Corporations Law. Particularly, the term “audit the management of the company” (“censurar la gestión social”) is replaced by “approve the management of the company (“aprobar la gestión social”).
- c. The proposal to amend article 5 (b) of the Regulations relating to the powers of the shareholders’ meeting has the purpose of adapting said article to the provisions of article 160 of the Corporations Law by including a new matter within the powers of the shareholders’ meeting, the “cancellation or limitation of the preemptive subscription right”.

- d. The proposal of amendment of articles 6 (first line of the first paragraph) and article 13 of the Regulations has the mere purpose of omitting the reference to the Corporations Act replacing it by a reference to the Corporations Law.
- e. The proposal of amendment of the rest of article 6 of the Regulations, relating to the call for the shareholders' meeting, has the purpose of:
 - i. Adapting the wording to article 167 of the Corporations Law. Accordingly, it is added that the shareholders' meetings must be called by the managing body "on the dates or in the periods established by the law or the bylaws" and it is proposed that the duty of the managing body to call the meeting "whenever it deems this necessary or advisable in the interests of the company" be included.
 - ii. Relating to the call by the court, adapting it to article 169 of the Corporations Law. Accordingly, it is established that if the meeting were not called within the statutory term "or that established by the bylaws", it may be called, at the request of the shareholders, by the "commercial" judge corresponding to the registered office of the Company.
- f. The proposal of amendment of article 7 of the Regulations, relating to the notice of call for the shareholders' meeting, has the purpose of adaptation to the new legislation on the dissemination and content of the notice of call for the shareholders' meeting:
 - i. In respect of the means for publication of the notice, it is proposed that the provision be made more flexible, establishing that the shareholders' meeting will be called as provided for by legislation in force.
 - ii. Relating to the content that the notice of call should have, it is proposed to include the new formal requirements established by article 174.1 of the Corporations Law as regards the inclusion in the notice of call of the name of the Company, the time of the shareholders' meeting and the agenda.

In addition, the reference to the fact that the "wording of the notice shall be published in the web page of the Company" is omitted since it is repetitive, because the new legal system for publication of the notice of call contemplates its publication in the web page of the Company.

- g. The proposal of the amendment of article 8 of the Regulations, relating to making information available from the date of the notice of call in the corporate web page, has the purpose of including the

obligation that the Company should have an Electronic Forum for Shareholders pursuant to article 528 of the Corporations Law.

- h. The proposal of amendment of article 15 of the Regulations, relating to the events that require, for their approval, a qualified quorum of fifty per cent of the capital at first call and of twenty-five per cent at second call, has the purpose of adding the new events contemplated by article 194 of the Corporations Law (which contemplates the amendment made by the Structural Modifications Law to repealed article 102 of the Corporations Act), in other words, the cancellation or limitation of the preemptive subscription right, the transfer en bloc of assets and liabilities and the relocation of the registered office abroad.
- i. The proposal of amendment of article 25 of the Regulations, relating to the voting on proposals of resolutions, contemplates a correction as regards the number of an article mentioned in the provision and adds a new reference to legislation.
- j. The proposal of amendment of article 27 of the Regulations, relating to the minutes of the shareholders' meeting, has the purpose of adapting the wording to the terms of articles 202 of the Corporations Law, to establish that the corporate resolutions may be executed after the date of approval of the minutes where they are recorded.

In view of the above, the Preamble and articles 4, 5, 6, 7, 8, 9, 12, 13, 15, 22, 25 and 27 of the Regulation would be amended to be reworded as established for each one of them in section 3 below of this report.

In addition, it is proposed to repeal the Regulation in full, rendering it null and void as currently worded and to propose a new restated Regulation the wording of which is attached to this report as **Schedule 3**.

Lastly, to facilitate the comparison of the new wording of the articles of the Regulation that it is proposed to amend and their current wording, a transcription of the articles of the Regulations in force in which the amendments proposed have been included marked as track changes, is attached as **Schedule 4** to this report.

2. Proposal of amendment to the bylaws

The board of directors submits to the annual shareholders' meeting for approval the proposal of resolution for amendment of articles 8, 10, 11, 14, 18, 20, 24, 25, 27, 29, 30, 33, 34, 37, 42, 46, 48, 51, 52, 56, 57, 58, 59, 60 and 61 of the corporate bylaws, for them to be reworded as follows:

“Article 8.- Status of shareholder Rights inherent in said status

The share confers upon its owner the status of shareholder and implies acceptance by its holders of the present Articles of Association and the

decisions validly adopted by the Company's governing bodies, and authorises him to exercise the rights deriving from his status, according to these Articles of Association and to the law.

Under the terms established by law, and except in the cases provided for in it, the share confers upon its holder, at a minimum, the following rights:

- a) To share in the distribution of corporate earnings and in the assets resulting from liquidation.
- b) Pre-emptive subscription in issues of new shares charged to contributions in cash or debentures convertible to shares.
- c) To attend and vote in the General Meetings under the terms established in these Articles of Association, and to challenge the Company's decisions.

The right to vote may not be exercised by the shareholder who is in arrears in paying in outstanding calls for capital nor with respect to any existing non-voting shares.

- d) Information, under the terms established by law.”

“Article 10.- Usufruct of shares

In the event of usufruct of shares, the attribute of shareholder resides in the owner, but the usufructuary shall in any case be entitled to the dividends granted by the Company during the usufruct. The usufructuary is obligated to facilitate the owner's exercise of his rights. Relations between the usufructuary and the owner shall be governed by the instrument establishing the usufruct or, in its absence, the provisions of the Corporations Law and, complementarily, the Civil Code.”

“Article 11.- Pledge of shares

In the event of a pledge of shares, their owner shall be entitled to exercise the shareholder's rights.

The secured creditor shall be obligated upon establishment of the pledge to facilitate exercise by the owner of the rights deriving from his status as shareholder in the Company, which circumstance must be noted in the document establishing the pledge.

Should the owner of the shares fail to meet his obligation to pay in outstanding calls for capital, the secured creditor may meet this obligation by itself or enforce the pledge.”

“Article 14.- Outstanding calls for capital

When there are partially paid-in shares, the shareholder must pay the unpaid portion, either in cash or non-cash, in the manner and by the deadline established in the respective resolution to increase capital.

The right to vote may not be exercised by the shareholder who is in arrears in paying in outstanding calls for capital.

In the event of transfer of unreleased shares, the buyer shall answer jointly for payment with all transferors preceding him. The liability of the transferors shall last three years from the date of the respective transfer.”

“Article 18.- Capital reduction

The capital may be reduced by means of a reduction in the face value of the shares, by their write-off or grouping to exchange them, and, in these cases, may be for the purpose of repaying contributions, cancellation of the obligation to make outstanding contributions, establishing or increasing reserves, or re-establishing the balance between capital and net assets.”

“Article 20.- Convertible and exchangeable debentures

Convertible and/or exchangeable debentures may be issued at a fixed (determined or determinable) exchange ratio or at a variable exchange ratio.

The right of pre-emptive subscription of the convertible debentures may be eliminated according to the provisions of legislation in force.”

“Article 24.- Categories of General Meetings

General Meetings of shareholders may be ordinary or extraordinary.

The ordinary General Meeting must be held within the first six (6) months of each year, to approve, if fitting, the company’s management, to approve when appropriate the accounts from the preceding year, and to decide on application of the results, without prejudice to its authority to deal with and decide upon any other matter appearing on the agenda. The ordinary General Meeting will be valid even if it has been called or is held at other times.

Any General Meeting not envisioned in the preceding paragraph shall be considered an extraordinary General Meeting and shall meet if called by the Company’s Board of Directors at its own initiative or at the request of shareholders holding at least five percent of the share capital, stating in their request the matters to be dealt with in the Meeting.”

“Article 25.- Calls to General Meetings

General Meetings shall be called by the Board of Directors as provided for by legislation in force, at least one month in advance of the date set for the meeting.

The call announcement shall state the name of the company, whether the meeting is ordinary or extraordinary, the date and time and place of the meeting, and all matters to be dealt with and other issues which, if any, are to be included in the meeting, according to the provisions of legislation in force and the General Meeting’s Rules and Regulations. It may also note the date on which the Meeting will meet at second call, if necessary. A period of at least twenty-four hours must elapse between the first and the second call.

Shareholders representing at least five percent of the share capital may ask that a supplement to the call of a General meeting of shareholders be published that includes one or more items on the agenda. This right must be exercised by reliable notification that must be received at the Company's domicile within five days following publication of the call.

The call supplement must be published at least fifteen days in advance of the date set for the General Meeting.

Failure to publish the call supplement by the legally set deadline shall render the Meeting invalid.

If the duly called General Meeting is not held at first call, and the announcement did not stipulate the date for the second call, the latter must be announced with the same notification requirements as for the first, within fifteen days following the date of the Meeting not held, and eight days prior to the date of the meeting.

The administrative body must also call the Meeting:

- (i) whenever it considers this necessary or advisable in the interests of the company*
- (ii) when so requested by shareholders holding at least five percent of the share capital, stating in the request the matters to be dealt with at the Meeting. In this case, the Meeting must be called within one month following the date on which the administrative body would have been required by notary to call it. The administrative body must also include in the agenda the matter or matters referred to in the request; or*
- (ii) when an offer to purchase is made on securities issued by the Company, in order to inform the General Meeting about the offer to purchase and to deliberate and decide on matters submitted for its consideration.*

With regard to a court-ordered call of the General Meeting, the provisions of law are valid."

"Article 27.- Constitution

The ordinary or extraordinary General Meeting is validly constituted at first call when the shareholders present or represented hold at least twenty-five percent of the subscribed voting capital, and will be validly constituted at second call whatever the amount of participating capital.

However, in order for the ordinary or extraordinary General Meeting to be able to decide validly on increasing or reducing capital and any other amendment to the bylaws, issuing debentures, cancelling or limiting the preemptive subscription right over new shares, the transformation, merger, splitting or transfer en bloc of assets and liabilities of the Company, the relocation of the registered office abroad and the dissolution by a mere resolution of the General Meeting, , at first call the participation of shareholders present or represented holding at least fifty percent of the subscribed voting capital will be necessary. At second call, twenty-five percent of said capital will be sufficient.

Shareholders entitled to attend who vote remotely in accordance with the provisions of Article 31 below will be considered present for purposes of constituting the General Meeting in question.

Absences occurring once the General Meeting is constituted will not affect its validity.”

“Article 29.- Representation at Meetings

Without prejudice to the attendance of the shareholding legal entities authorising him to act as representative, any shareholder entitled to attend may be represented at the Meeting by any person, whether a shareholder of the Company or not. The representation must be conferred in writing or by remote means of communication that duly ensure the identity of the represented and the representative, as determined by the administrative body, and specially for each meeting, under the terms and with the scope established in the Corporations Law and in the Meeting’s Rules and Regulations.

The President of the General Meeting or persons designated by him shall be considered authorised to determine the validity of the representations conferred and compliance with the requirements for attendance at the Meeting.

The provisions of the foregoing paragraphs shall not apply when the representative is the spouse or a relative in the ascending or descending line of the represented person, nor when the representative holds a general proxy conferred in a certified document with authority to administer all assets which the represented person has within the country.

Representation is always revocable and the personal attendance of the represented person at the Meeting shall revoke the representation.”

“Article 30.- Right to information

From the date of publication of the call of the General Meeting and until the seventh day prior to the date of the Meeting, inclusive, shareholders may ask the Board of Directors for information or clarifications they consider necessary regarding matters included on the agenda, or may present in writing the questions they deem relevant.

Furthermore, in the same manner and time, shareholders may ask for information or clarifications or formulate questions in writing regarding information accessible to the public that may have been provided by the Company to the National Securities Market Commission since the last General Meeting was held. The Board of Directors shall be obligated to provide the requested information in writing up until the date on which the General Meeting is held.

During the Meeting, shareholders may ask orally for information or clarifications they deem appropriate regarding the matters included on the agenda. The Board of Directors shall be obligated to provide that information at the time or, if this is not possible, must provide it in writing within seven days following the conclusion of the General Meeting.

The Directors are obligated to provide the information in writing up until the date on which the General Meeting is held, except in those cases in which:

- (i) public release of the requested information may, in the President's judgment, prejudice the Company's interests;*
- (ii) the request for information or clarification does not refer to matters included on the agenda nor to information available to the public that may have been provided by the Company to the National Securities Market Commission since the date of the last General Meeting;*
- (iii) the request for information or clarification should be considered unauthorised, meaning that it is related to information which (i) has been or is subject to any judicial or administrative sanction proceeding, (ii) is protected by commercial, industrial, industrial- or intellectual-property secrecy, (iii) affects the confidentiality of information and files of a personal nature, (iv) involves information whose release is prohibited by a confidentiality agreement made by the Company, or (v) refers to any other matter which in the justified judgment of the President should not be released, without prejudice to that set forth in article 197 of the Spanish Corporations Law; or*
- (iv) legal or regulatory provisions or court decisions so state.*

However, the exception indicated in subparagraph (i) above shall not be admissible when the request is supported by shareholders representing at least one-fourth of the capital."

"Article 33.- Deliberation and adoption of decisions

The President shall submit for deliberation the matters included on the agenda and shall lead discussions so that the meeting proceeds smoothly. For this purpose he shall enjoy appropriate authority to establish order and discipline and may order the ejection of anyone disturbing the Meeting's normal progress and decide to temporarily suspend the session. The President, even when present at the session, may entrust guidance of the discussions to the Secretary or to the member of the Board of Directors that he deems appropriate.

Shareholders may request information under the conditions established at article 30 above.

Any shareholder may also participate at least once in the discussion of the items on the agenda, although the President, using his powers, is authorised to adopt measures for order such as limiting the time allotted to each speaker, setting turns, or closing off the list of speakers.

Once the matter has been sufficiently discussed, the President puts it to the vote. The President is responsible for setting the voting system he deems most appropriate and for directing the corresponding process, adapting if appropriate to the expanded rules set forth in the General Meeting's Rules and Regulations.

Each voting share present or represented at the General Meeting shall be entitled to one vote. The shareholder entitled to vote may exercise his right by post in compliance with the provisions of the General Meeting's Rules and Regulations.

The Meeting's decisions shall be taken by the favourable vote of a majority of the capital present or represented. This is without prejudice to those cases in which the law or the present articles of association stipulate a greater majority and, in particular, when shareholders are present who represent less than fifty percent of the subscribed voting capital; decisions relating to the matters referred to at Article 194 of the Corporations Law shall require the favourable vote of two-thirds of the share capital present or represented at the Meeting in order to be valid."

"Article 34.- Meeting Minutes

The Meeting's minutes may be approved by the Meeting itself after it has been held, being signed by the President and the Secretary or, failing this, within fifteen days, by the President and two controlling shareholders, one representing the majority and one the minority. The corporate resolutions shall be enforceable after the date of approval of the minutes where they are recorded. Minutes shall be transcribed into the Company's journal or kept in any format allowed by law.

Certifications of the minutes shall be issued by the Secretary or Deputy Secretary of the Board of Directors with the signature of the Chairman or Vice-Chairman, as the case may be, and decisions shall be made public by the persons authorised to do so, as determined by the present Articles of Association and the Rules and Regulations of the Companies Register.

The administrative body may require the presence of a notary to certify the Meeting minutes, and it shall be obligated to do so whenever so requested five days prior to the date of the Meeting by shareholders representing at least one percent of the share capital. In both cases, the notarial certificate shall not be subject to the formality of approval and shall be considered as the Meeting minutes."

"Article 37.- Term of office. Director's rules.

Board members shall hold their office for the period of time established by the General Meeting, which must be the same for all and may not exceed six years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.

Appointments of directors shall expire when, upon completion of the term, the next General meeting is held or the legal term has past for holding the Meeting that is to approve the accounts for the preceding year.

Members appointed by co-option (who shall be designated so long as the vacancy occurs during the term for which the director was appointed) must have the appointment ratified at the first General Meeting held after the date of appointment.

Board members may not engage, for their own account or for the account of a third party in any activity that is the same as or similar or supplementary to the activity making up the corporate purpose of the Company or hold the office of director or executive in companies that are competitors of the Company, with the exception of offices they may hold, as the case may be, in companies of the Group, unless expressly authorised by the General Meeting, and without prejudice to the provisions of articles 227 to 229 of the Companies Law.

Board members shall receive the compensation determined by the General meeting for holding said office, in accordance with the provisions of the Board of Directors' Rules and Regulations.

The Board member who completes his term or for any other reason ceases to hold his office may not be a director or hold executive positions in another entity having a corporate purpose similar to that of the Company for a period of two years. If it deems it appropriate, the Board of Directors may relieve the outgoing member of this obligation, or shorten its duration."

"Article 42.- Conduct of meetings

The Board shall be validly constituted when the majority of its members, present or represented, participate in the meeting. Representation shall be conferred in writing and must be in favour of another Board member, specially for each meeting, by letter addressed to the Chairman.

Decisions shall be taken by an absolute majority of those attending the meeting, except in those cases in which the law, the present articles of association or the Board of Directors' Rules and Regulations have set larger majorities. In the event of a tie, the Chairman's vote shall decide.

Minutes shall be kept of the meetings of the Board of Directors and shall be signed at least by the Chairman or the Vice-Chairman and the Secretary or the Deputy Secretary, and shall be transcribed or collected according to law in a special book of Board minutes.

The minutes shall be approved by the Board of Directors itself, at the end of the meeting or subsequently."

"Article 46.- Audit Committee Composition, authority and operations

1. *An Audit Committee will be set up within the Board of Directors in keeping with the following rules:*
 - a) *The Audit Committee shall be made up by a minimum of three Board members, a majority of them non-executive, appointed by the Board of Directors.*

- b) *At least one of its members shall be independent and shall be designated taking into account his knowledge and experience in accounting or auditing matters or both.*
- c) *The Chairman of the Audit Committee shall be elected from among said non-executive Board members and must be replaced every four years; they may be re-elected after an interval of one (1) year from the date their term ended.*
- d) *Its members shall appoint one of their number to act as Secretary.*

The members of the Audit Committee and especially its Chairman shall be designated in consideration of their knowledge and experience in the area of accounting, audit or risk management.

2. *Without prejudice to any other duties that may be assigned to it at any time by the Board of Directors, the Audit Committee shall exercise the following basic functions:*

- *Inform the General Meeting of Shareholders regarding issues arising within it in matters for which it is responsible.*
- *Propose to the Board of Directors for submission to the General Meeting of Shareholders the appointment of the auditors or audit companies referred to at article 264 of the Corporations Law, and their contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal.*
- *Supervise the efficacy of the internal control of the Company, and in particular, the Internal Control of the Financial Information, the internal audit, if appropriate, and the risk management systems, and discuss with the auditors or audit companies, the significant weaknesses of the internal control system detected during the audit.*
- *Supervise the process of preparation and submission of regulated financial information.*
- *Review the Company's accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, with the direct cooperation of the external and internal auditors.*
- *Maintain relations with the auditors or audit companies in order to receive information about those issues that may jeopardise their independence, for its examination by the Committee, and any other issues associated with the audit process, as well as those other communications called for by audit legislation and in the audit standards. In any case, they shall receive each year from the auditors or audit companies written confirmation of their independence from the company or its directly or indirectly related companies, and information on the additional services of any kind provided to such companies by such auditors or audit companies or by their related persons or companies as provided for by Law*

19/1988, of July 12, Audit Law.

- *Issue each year, prior to the issuance of the audit report, a report stating an opinion on the independence of the auditors or audit companies. Such report shall always issue an opinion on the provision of additional services contemplated in the above paragraph.*
- *Oversee compliance with the audit contract, ensuring that the opinion on the annual financial statements and the main contents of the audit report are written clearly and accurately, and assess the results of each audit.*
- *Oversee compliance with legislation regarding swaps. In particular it will ensure that information about said operations is communicated to the market in compliance with Order 3050/2004 of the Ministry of the Economy and Treasury of September 15, 2004.*
- *Examine compliance with the Internal Rules of Conduct, the Rules and Regulations of the Board of Directors, and in general with the Company's rules of governance, and make the necessary proposals to improve them.*
- *Receive information and, if appropriate, issue a report on the disciplinary measures it is intended to impose on members of the Company's top management team.*

3. *The Audit Committee shall ordinarily meet quarterly to review the periodic financial information to be submitted to the stock-exchange authorities, and the information which the Board of Directors has to approve and include in its annual public documentation. It will also meet at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board or its Chairman asks that a report be issued or proposals adopted, and in any case whenever it is appropriate for the proper performance of its functions.*
4. *The Audit Committee shall prepare an annual report on its operations that will include, if deemed appropriate, proposals for improving the Company's rules of governance."*

"Article 48.- Corporate Web page

The Company shall make available to the public on its Web page all relevant information relating to its corporate governance. The content and structure of the Company's Web page shall be adapted to legal provisions and other legislation relating to this area applicable at the time.

Pursuant to article 528 of the Corporations Law, an Electronic Forum for Shareholders shall be enabled in the web page of the Company, to which both individual shareholders and voluntary associations that they may organize may access with all due safeguards, to facilitate their communication prior to the holding of General Meetings."

"Article 51.- Annual Accounts

Within a maximum of three (3) months from the close of the fiscal year, the administrative body must prepare the annual report and the proposal for application of the result, and, if appropriate, the consolidated Annual Accounts and annual report.

The Annual Accounts shall include the balance sheet, the profit and loss statement, a statement showing the changes in equity in the year, a statement of cash flows, and the notes on the annual accounts. These documents, which form a whole, must be clearly prepared and give a faithful image of the Company's assets, financial situation and results, in accordance with legal provisions, and must be signed by the Company's directors.

As soon as the General Meeting is called, any shareholder may obtain from the Company, immediately and free of charge, the documents that are to be submitted to the Meeting for approval and the report of the account auditors. The announcement of the Meeting shall expressly mention this right."

“Article 52.- Content of Annual Accounts

The balance sheet shall include, duly separated, the assets and claims that constitute the Company’s assets and the obligations forming its liabilities, specifying its stockholder equity. The structure of the balance sheet shall be adapted to that in the applicable legal provisions.

The profit and loss statement shall include, also duly separated, the year’s revenues and expenditures, and must follow the structure called for by the applicable legal provisions.

The notes on the accounts shall complement, expand and comment on the information contained in the balance sheet and the profit and loss statement. The notes shall contain the information called for in the Corporations Law and other applicable legal provisions.”

“Article 56.- Filing of the Annual Accounts

Within one month following approval of the Annual Accounts and the annual report, said documents shall be presented together with the other documentation required by the Corporations Law and together with the appropriate certification of said approval and application of the result for filing with the Companies Register in the manner prescribed by law.”

“Article 57.- Application of annual results

Once the legal reserve and other legally established provisions are covered, the Meeting may apply the amount from the liquid profits obtained each year that it deems appropriate to a voluntary reserve or to any other legally allowed use. The remainder, if any, shall be distributed among the shareholders as dividends, in the proportion corresponding to the capital they paid in, payment being made within the period of time set by the Meeting itself.

Dividends unclaimed after five years from the date indicated for collection shall prescribe in favour of the Company.

In general, once the provisions called for by law have been covered, dividends may be distributed only from the profits for the year or from freely available reserves, if the value of the Company’s net worth is not or, as a result of the distribution will not be, less than the share capital.

Should there be losses from previous years that make this value of the Company’s net worth less than the amount of the share capital, the profit shall be assigned to make up these losses.”

“Article 58.- Sums on account of dividends

The General Meeting or the Board of directors may decide to distribute sums on account of dividends, with the limitations of and meeting the requirements set by the Corporations Law.”

“Article 59.- Causes of dissolution

The Company shall be dissolved:

By decision of the General Meeting of shareholders expressly called for that purpose and adopted in accordance with these articles of association; and

In any of the other cases legally provided for by the Corporations Law.”

“Article 60.- Winding-up

Once the Company is dissolved, the winding-up period shall begin, except in cases of merger or complete division or any other complete transfer of assets and liabilities.

The same General Meeting deciding to dissolve the company shall set the bases for wind-up, which shall be conducted by an uneven number of receivers appointed for this purpose by the General Meeting.

Once the Company declares itself in liquidation, representation of the administrative body for making new contracts or contracting new obligations shall cease; the receivers shall assume the functions referred to in articles 383 et seq of the Corporations Law.

Winding-up, division of the Company’s assets and cancellation of registration shall be conducted according to the Corporations Law and the Rules and Regulations of the Companies Register.

During the wind-up period, the General Meeting shall retain the same powers as during the Company’s normal life and in particular shall have the power to approve liquidation accounts and the final liquidation balance sheet.”

“Article 61.- Prohibitions and incompatibilities

Persons declared incompatible to the extent and under the conditions set by Law 12/1995 of 11 May, and other special laws, as well as those in violation of the prohibitions of article 213 of the Corporations Law, are prohibited from holding and, if appropriate, exercising any office in the company.”

3. Proposal of amendments to the Regulations

The board of directors submits to the annual shareholders’ meeting for approval the proposal of resolution of amendment of the Preamble and of articles 4, 5, 6, 7, 8, 9, 12, 13, 15, 22, 25 and 27 of the Regulations, for them to be reworded as set forth below:

“Preamble.

These Regulations are adopted by the Shareholders' Meeting of FLUIDRA, S.A. (hereinafter, the "Company") in accordance with the provisions of Article 512 of Legislative Royal Decree 1/2010, of July 2, 2010, approving the revised text of the Corporate Enterprises Law. These Regulations are intended to systemize and implement the rules governing the organization and operating procedure of the Shareholders' Meeting of the Company. Its ultimate aim is to facilitate the participation of the shareholders at the Shareholders' Meeting, promoting the transparency and publicity of the procedures for the preparation, assembly and conduct of the Shareholders' Meeting, specifying, developing and increasing the exercise of the voting rights of the shareholders of the Company in the most efficient manner possible."

"Article 4.- Classes of Shareholders' Meetings

Shareholders' Meetings may be Annual or Special.

The Annual Shareholders' Meeting shall necessarily assemble within the first six months of each financial year, in order to approve, as the case may be, corporate management, the previous years' financial statements and resolve on the allocation of results, without prejudice to its competence to discuss and decide on any other matter included on the agenda.

Any Shareholders' Meeting other than that contemplated in the above paragraph shall be deemed a Special Shareholders' Meeting and shall assemble whenever it is called by the Board of Directors of the Company, on its own initiative or at the request of shareholders holding, at least, five per cent of the share capital, stating in their request the matters to be discussed at the meeting."

"Article 5.- Matters within the competence of the Shareholders' Meeting

The Shareholders' Meeting shall have competence to decide on any matters for which are vested in it by law or under the bylaws. In addition, those decisions that, regardless of their legal nature, entail an essential modification of the actual activity of the Company shall be submitted to the Shareholders' Meeting for approval or ratification. Particularly, this to imply no limitation, it shall have competence to:

- a) Approve, as the case may be, the corporate management, the financial statements, both individual and consolidated and to resolve on the allocation of results.*
- b) Approve and remove the members of the managing body, and to ratify or revoke the appointment of members of the Board of Directors by co-opting.*
- c) Appoint, re-elect and remove the auditors of the Company.*
- d) Resolve the increase and reduction of share capital and the delegation to the Board of Directors of the power to increase capital.*
- e) Approve the elimination or limitation of the preemptive subscription right*

- f) *Resolve the issuance of debentures and other negotiable securities, convertible or otherwise, and to delegate the power for their issuance to the Board of Directors.*
- g) *Resolve the merger, spin off and re-registration in different corporate form of the Company and, in general, any amendment to the Bylaws.*
- h) *Resolve the dissolution and liquidation of the Company and transactions having an effect equal to the liquidation of the Company.*
- i) *Approve the acquisition or disposal of essentials operation assets, where this entails an actual modification of the corporate purpose.*
- j) *Decide on the matters submitted to it by the managing body for deliberation and approval.*
- k) *Approve these Regulations and their subsequent amendments.*
- l) *Authorize the Board of Directors to increase the share capital as provided for in Article 297.1.b of the Corporate Enterprises Law, and also to confer power to exclude the pre-emptive subscription right in issuance of shares that may be delegation, on the terms and meeting the requirements established by the Law.*
- m) *Authorize the derivative acquisition of treasury shares.*
- n) *Establish the remuneration of the Directors as provided for in the Bylaws, and to decide on the application of remuneration systems consisting of the delivery of shares or rights over shares, and any other remuneration system using the value of the shares as a reference, regardless of the beneficiary of such remuneration systems.*
- o) *Authorize transactions entailing a structural modification of the Company.”*

“Article 6.- Call for Shareholders’ Meetings

Without prejudice to the provisions of the Corporate Enterprises Law relating to the Shareholders’ Meeting held on consent and judicial calling of Shareholders’ Meetings, Shareholders’ Meetings shall be called by the managing body on the dates or within the periods determined in the Law and in these Bylaws.

The managing body shall call the annual Shareholders’ Meeting for it to be held necessarily within the first six months of each financial year. The annual Shareholders’ Meeting shall be validly assembled even it was called or held outside the term established for the purpose.

The managing body shall also call the meeting:

- (i) *whenever it is deemed necessary or appropriate in the interests of the Company;*
- (ii) *where so requested by shareholders holding, at least, five per cent of the share capital, skating in the request the matters to be discussed at the Shareholders’ Meeting. In such event, the Shareholders’ Meeting shall be called to be held within the month following the date on which the managing body was requested, through a notary public, to call it. In*

addition, the managing body shall include on the agenda the item(s) to discuss which the call for the meeting was requested; or

- (iii) where a public takeover but for securities issued by the Company is launched, to inform the Shareholders' Meeting of such takeover bid and to discuss and decide on the matters submitted to its consideration.

If the annual Shareholders' Meeting is not called within the period established by law or in these Bylaws, it may be requested, at the request of the shareholders and, after granting the members of the managing body a hearing, by the commercial court pertaining to the registered office of the Company, which shall designate the person to preside over the Shareholders' Meeting. The special Shareholders' Meeting shall be called in the same manner, whenever so requested by the number of shareholders contemplated in the preceding paragraph."

"Article 7.- Notice of call

Both Annual and Special Shareholders' Meetings shall be called in accordance with the provisions of the legislation in force, at least one month in advance of the date set for the meeting to be held, other than in those events in which the law establishes a longer term. The managing body shall assess the possibility of circulating the notice of call in a larger number of means for social communication.

The call notice shall indicate the name of the Company, whether the shareholders' meeting is annual or special, the place of the meeting, the date and time of the Shareholders' Meeting at first call, as well as the agenda containing all of the business to be transacted. In addition, the notice of call may place on record the date on which the Shareholders' Meeting will assemble, if appropriate, at second call. At least twenty-four hours shall be allowed to elapse between the meeting to be held at first call and that to be held at second call. To the extent possible, the shareholders shall be advised on whether it is more probable for the Shareholders' Meeting to be held at first or at second call.

The notice of call shall record clearly and precisely all the matters to be discussed.

The notice of call shall also mention the right of the shareholders to be represented at the Shareholders' Meeting by another person, who need not be a shareholder, and the requirements and procedures for exercise of such right, and the right of information of the shareholders and the procedure for its exercise.

The managing body shall record in the notice of call the specific means of remote communication that may be used by the shareholders to exercise or delegate their voting rights and the instructions that should necessarily be followed for the purpose.

Shareholders representing, at least, five per cent of the share capital, may request that a supplement to the notice of call for the Shareholders' Meeting be published, including one or more items on the agenda. Such right shall be exercised through a notification made in a duly attested manner which shall be

received at the registered office within five days after the publication of the notice of call.

The supplement to the notice of call shall be published at least fifteen days in advance of the date established for the Shareholders' Meeting.

Failure to publish the supplement to the notice of call within the statutory term shall be an event of nullity of the Shareholders' Meeting.

The Company shall send the notice of call for the Shareholders' Meeting to the Spanish National Securities Market Committee, all the above in compliance with legislation applicable in each case.

The Board of Directors may request the presence of a Notary Public to attend the Shareholders' Meeting and draw up minutes of the meeting. It shall do so in the events established by the Law.

If the Shareholders' Meeting, duly called, is not held at first call, and if the notice of call does not contemplate the date for the meeting to be held at second call, such call shall be announced, meeting the same publicity requirements as the first, within fifteen days after the date of the Shareholders' Meeting not held and eight days in advance of the date of the meeting."

"Article 8.- Making information available from the date of the notice of call in the web page of the Company.

In addition to the requirements established by law or under the Bylaws and to the provisions of these Regulations, from the date of publication of the notice of call for the Shareholders' Meeting, the Company shall public in its web page the full text of the proposals of resolutions hat the managing body already made relating to the items on the agenda, and the reports that are compulsory or that may be established by the managing body.

Additionally, the web page of the Company shall record, from the date of the notice of call any information deemed useful or advisable to facilitate the attendance and participation of the shareholders at the Shareholders' Meeting, including, but not limited to, that set forth below:

- (i) Procedure to obtain the attendance card.
- (ii) Instructions to exercise or delegate remote voting through the means contemplated, if appropriate, in the notice of call.
- (iii) Information on the place where the Shareholders' Meeting will be held and the manner to reach and access it.
- (iv) Information, if appropriate, on systems or procedures that facilitate the follow up of the Shareholders' Meeting.
- (v) Information on the manner in which the shareholder may exercise his right to information (ordinary mail, e-mail and, if appropriate, other similar data transmission systems).
- (vi) If the Shareholders' Meeting is to discuss the appointment or ratification of directors, after the date of publication of the notice of call for the meeting, the following information shall also be published in the web page of the Company:

- *Professional and biographic profile.*
- *Other relevant Boards of Directors to which the director belongs, whether of listed company or otherwise.*
- *Indication of the class of director, as appropriate, stating, in the case of nominee directors, the shareholders he represents or with whom he is related.*
- *Date of the first appointment of the director to director of the company, and subsequent appointments.*
- *Shares of the company and stock options over them held by the director.*

In accordance with the provisions of Article 528 of the Corporate Enterprises Law, the Company shall maintain, on its website, an Electronic Shareholders' Forum, which may be accessed, with the due safeguards, by both individual shareholders and any voluntary associations that may be created, in order to facilitate the communication of information prior to the holding of Shareholders' Meetings."

"Article 9.- Right to information prior to the holding of the Shareholders' Meeting

From the date of publication of the notice of call for the Shareholders' meeting until the seventh day prior to that established for the Shareholders' Meeting to be held, both days included, the shareholders may request the Board of Directors, relating to the matters included on the agenda, for any information or clarification they deem necessary, or raise in writing the questions they deem relevant.

In addition, within the same term in advance and in the same manner, the shareholders may request information or clarification or raise questions in writing on the information accessible by the public furnished by the Company to the Spanish National Securities Market Committee after the last Shareholders' Meeting was held. The Board of Directors shall furnish in writing the information requested until the date on which the Shareholders' Meeting is held.

Requests for information may be made by delivering the request at the registered office, or by sending it to the Company by ordinary mail or other electronic communication means at the address set forth in the respective notice of call or, in the absence of such specification, at the Shareholders' Office. Requests in which the electronic document by virtue of which the information is requested includes the recognized electronic signature used by the applicant, or other procedures that, by a resolution previously adopted to such effect, that the Board of Directors considers have adequate guarantees of authenticity and identification of the shareholder exercising his right to information shall be admitted as such.

Regardless of the procedure used to issue requests for information, the request made by the shareholder shall state his name and surnames, evidencing the shares he holds, for such information to be verified with the list of shareholders and the number of shares in his name furnished by the company responsible for

their book entry, for the Shareholders' Meeting in question. The shareholder shall be responsible for evidencing that the request has been sent to the Company in due form and time. The web page of the Company shall set forth the relevant explanations for exercise of the right to information of the shareholder, as provided for by applicable legislation.

The requests for information regulated in this article shall be answered, after the identity and shareholder status of the applicant have been evidenced, prior to the Shareholders' Meeting.

The directors are obligated to furnish the information in writing, until the date on which the Shareholders' Meeting is held, other than in those events in which:

- (i) the publicity of the requested data may damage the interests of the Company, in the opinion of the Chairman;*
- (ii) the request for information or clarification does not refer to matters included in the agenda or to information accessible by the public and furnished by the Company to the Spanish National Securities Market Committee after the last Shareholders' Meeting was held;*
- (iii) the request for information or clarification made is deemed abusive, this to mean that relating to information (i) that is or was the subject matter of a penalizing court or administrative proceeding, (ii) that is protected by commercial or industrial secrecy of industrial or intellectual property, (iii) that involves the confidentiality of the personal data and records, (iv) the disclosure of which is prohibited by a confidentiality commitment assumed by the Company or (v) that refers to any other matter that in the reasonable opinion of the Chairman should be considered as such, without prejudice to the provisions of Article 197 of the Corporate Enterprises Law; or*
- (iv) this is established by legal provisions or regulations or court decisions.*

Notwithstanding the above, the exception contemplated in paragraph (i) above shall not apply where the request is supported by shareholders representing, at least, one quarter of the capital.

The Board of Directors may empower any of its members, the Chairmen of the delegated committees of the Board, or its Secretary or Deputy Secretary to answer, for and on behalf of the Board, the requests for information made by the shareholders.

The procedure to provide the information requested by the shareholders shall be the same as that through which the respective request was made, unless the shareholder establishes for the purpose another procedure from among those stated as suitable pursuant to this article. In any case, the directors may send the information in question through a letter sent by registered mail return receipt requested or by bureaufax.

The Company may include in its web page information relating to the answers made to the shareholders to the questions they raised exercising their right to information contemplated herein."

"Article 12.- Representation

Without prejudice to the attendance of corporate shareholders through the person having power to represent them, any shareholder having the right to attend may attend Shareholders' Meetings represented by any person, who need not be a shareholder of the Company.

Proxies shall always be revocable and the personal attendance of the shareholder at the Shareholders' Meeting shall be deemed a revocation. As a general rule and provided that the certainty of the date may be evidenced, the last action performed by the shareholder prior to the Shareholders' Meeting shall be deemed to be valid. Without such certainty, the vote of the shareholder shall prevail over the delegation. In any event, the personal attendance of the shareholder at the Shareholders' Meeting shall be deemed a revocation of the proxy.

Proxies shall be conferred specifically for each Shareholders' Meeting, in writing or through any remote means of communication the use of which was provided for by the managing body expressly in the notice of call, provided that the requirements contemplated in such notice of call are met and, in any case, the identity of the shareholder and of the proxy is duly guaranteed.

Without prejudice to Article 187 of the Corporate Enterprises Law, proxies, which shall be special for each Shareholders' Meeting, shall be appointed in writing.

The only valid remote means of communication shall be correspondence by ordinary mail, remitting to the Company the attendance card issued by the entity(s) responsible for book entries duly signed and completed by the shareholder or any other written procedure that, in the opinion of the Board of Directors expressed in a prior resolution adopted for the purpose, permits the identity of the shareholder appointing the proxy and that of the proxy to be duly verified.

Proxies appointed by correspondence sent by mail, to be valid, shall have to be received by the Company prior to twenty-four hours on the date preceding that established for the Shareholders' Meeting to be held at first call. The Board of Directors may establish a shorter term in compliance with the Bylaws.

In addition, the documents recording the appointment of proxies for Shareholders' Meetings, shall include at least the following statements:

- (i) Date on which the Shareholders' Meeting is to be held and its agenda.*
- (ii) Identity of the represented shareholder and of his proxy. If not specified, it shall be deemed that either the Chairman of the Board, or the chief executive officer or the Secretary of the Board of Directors, or any other member of the managing body that may be established especially in each notice of call for the purpose, has been appointed as proxy.*
- (iii) Number of shares held by the shareholder appointing the proxy.*
- (iv) Instructions as to the manner in which the shareholder appointing the proxy is to vote on each of the items on the agenda.*

The Chairman of the Shareholders' Meeting or the persons appointed through his mediation shall be deemed to be empowered to establish whether the

proxies have been validly appointed and whether the requirements to attend the Shareholders' Meeting are met.

The provisions of the above paragraphs shall not apply where the proxy is the spouse, forebear or descendant of the represented shareholder or where the proxy holds a general power of attorney conferred in a public deed with powers to manage the entire equity of the represented shareholder in Spanish territory."

"Article 13.- Public request for representation

In those events in which the directors of the Company, the depositories of the securities or the entities responsible for book entry request representation for themselves or for another and, in general, whenever the request is made publicly, the procedure established by the Corporate Enterprises Law and implementing legislation shall apply. Particularly, the document recording the appointment of the proxy shall contain, in addition to the statements contemplated in Article 12 above, the statement of the manner in which the proxy is to vote if no precise instructions are given, subject always to the provisions of the Law.

It shall be deemed that a public request for representation has been made where a single person represents more than three shareholders."

"Article 15.- Assembly of the Shareholders' Meeting. Special events

The Shareholders' Meeting shall be validly assembled, at first call, where the shareholders present in person or by proxy hold, at least, twenty-five per cent of the subscribed voting capital. At second call, the Shareholders' Meeting shall be validly assembled regardless of the capital present.

In order for the Shareholders' Meeting, whether annual or special, to validly resolve on the increase or reduction of capital and any other amendment to the bylaws, the issue of debentures, the elimination or limitation of the preemptive right to subscribe new shares, the change in legal form, merger, spin-off or transfer en bloc of assets and liabilities, the relocation of the registered office abroad, and, the dissolution by simple resolution of the Shareholders' Meeting, it shall be necessary, at first call, for shareholders to be present in person or by proxy holding, at least, fifty per cent of the subscribed voting capital. At second call, the attendance of twenty-five per cent of said capital shall suffice although, where shareholders are present representing less than fifty per cent of the subscribed voting capital, the resolutions contemplated in this paragraph may only be validly adopted with the vote in favor of two thirds of the capital present or represented at the Shareholders' Meeting.

Absences after the Shareholders' Meeting has assembled shall not affect the validity of its assembly."

"Article 22.- Right to information during the Shareholders' Meeting

During the addresses, any shareholder may request orally any information or clarification he deems necessary on the matters included on the agenda. For

such purpose, he shall have identified himself in advance as provided for in Article 20 above.

The directors shall be obligated to furnish the requested information as provided for in the above paragraph in the manner and within the terms contemplated by the Law, other than in those events in which:

- (i) its publication could damage the interests of the Company, in the opinion of the Chairman;
- (ii) the request for information or clarification does not refer to matters included on the agenda;
- (iii) the requested information or clarification is unnecessary to form an opinion on the matters submitted to the Shareholders' Meeting or, for any reason, should be deemed abusive meaning that it is related to information (i) that is or was the subject matter of a penalizing court or administrative proceeding, (ii) that is protected by commercial or industrial secrecy of industrial or intellectual property, (iii) that involves the confidentiality of the personal data and records, (iv) the disclosure of which is prohibited by a confidentiality commitment assumed by the Company or (v) that refers to any other matter that in the reasonable opinion of the Chairman should be considered as such, without prejudice to the provisions of Article 197 of the Corporate Enterprises Law; or
- (iv) this is established by legal provisions or regulations or court decisions.

Notwithstanding the above, the exception contemplated in paragraph (i) above shall not apply where the request is supported by shareholders representing, at least, one quarter of the capital.

The requesting information or clarification shall be furnished by the Chairman or, as appropriate, on his instructions, by the chief executive officer, the Chairmen of the Board committees, the Secretary or the Deputy Secretary, any director or, if appropriate, any employee or expert on the matter. The Chairman shall establish in each case and according to the requested information or clarification, whether it is most advisable for the adequate operation of the Shareholders' Meeting to make answers individually or grouped by subject matter.

Should it be impossible to satisfy the right of the shareholder at the Shareholders' Meeting, the directors shall provide in writing the information requested from the interested shareholder within the seven days following that on which the Shareholders' Meeting ended."

"Article 25.- Voting of the proposed resolutions

After the addresses of the shareholders have concluded and, if appropriate, the information or clarification requested has been provided as provided for in these Regulations, the proposals of resolutions on the matters on the agenda and, if any, those others that by law need not be included in the agenda, shall be submitted to ballot, the Chairman to decide in respect of the latter the order in which they will be submitted to ballot.

It shall be unnecessary for the Secretary to read in advance proposals of resolutions the wording of which was made available to the shareholders at the commencement of the meeting, other than in those events in which, for all or any of the proposals, this is requested by any shareholder or is otherwise deemed advisable by the Chairman. In any event, the attendees shall be informed of the item on the agenda to which the proposal of resolution that is submitted to ballot refers.

The Shareholders' Meeting shall vote separately those matters that are materially independent, for the shareholders to be able to exercise their voting preferences separately. Such procedure shall particularly apply: (i) to the appointment or ratification of directors, which shall be individually voted; (ii) in the event of amendments to the Bylaws, to each article or group of articles that is materially independent.

The process for the adoption of resolutions shall be conducted following the agenda contemplated in the notice of call. The proposals of resolutions made by the Board of Directors shall be submitted to ballot firstly. In any event, after each proposal of resolution is approved, the rest relating to the same matter and incompatible with it shall be automatically deemed rejected and shall therefore not be submitted to ballot.

As a general rule, without prejudice to the fact that, in the opinion of the Chairman, given the circumstances or the nature or content of the proposal, other alternative systems may be used, the votes of the proposals of resolutions shall be computed subject to the following procedure:

- (i) Votes in favor shall be deemed to be those of all the shares present at the meeting, in person and represented, after deducting (a) votes on shares the holders or representatives of which state that they vote against, vote blank or refrain from voting, reporting or stating their vote or abstention to the notary public (or, in his absence, to the Secretary or to the personnel assisting him), for this to be placed on record in the minutes, (b) votes corresponding to shares the holders of which votes against, voted blank or expressly stated their abstention, through the means of communication referred to in article 24, as appropriate, and (c) votes corresponding to shares the holders or representatives of which abandoned the meeting prior to the voting of the proposal of resolution in question and placed such abandonment on record before the Notary Public (or, in his absence, the Secretary or the personnel assisting him).*
- (ii) Notices or statements to the notary public (or, in his absence, to the Secretary or personnel assisting him) contemplated in the above paragraph relating to the vote in favor or against or abstention may be made individually in respect of each of the proposals of resolutions or jointly for some or all of them, informing the notary public (or, in his absence, the Secretary or personnel assisting him) of the identity and status – shareholder or representative – of the person making them, the number of shares to which they refer and whether the vote is in favor or against or, as appropriate, the abstention.*
- (iii) For the adoption of resolutions relating to items not included in the agenda, shares of shareholders who attended the Shareholders'*

Meeting through remote voting procedures shall not be deemed to be shares present or represented. For the adoption of any of the resolutions contemplated in article 114.1 of the Securities Market Law and article 514 of the Corporate Enterprises Law, shares in respect of which voting rights cannot be exercised due to the application of said provision shall not be deemed to be represented or present.”

“Article 27.- Minutes of the Shareholders’ Meeting

The resolutions adopted at the Shareholders’ Meeting shall be recorded in minutes which shall be drawn up or transcribed in the minutes book kept for the purpose. The minutes may be approved by the Shareholders’ Meeting and, failing this, within a term of fifteen days, by the Chairman and two shareholder tellers, one representing the majority and the other representing the minority.

The corporate resolutions may be implemented as from the date of approval of the minutes in which they are recorded.

The managing body may request the presence of a notary public to draw up the minutes of the Shareholders’ Meeting and shall be obligated to do so whenever so requested, five days in advance of the date on which the Shareholders’ Meeting is to be held, by shareholders representing, at least, one per cent of the capital.

The minutes drawn up by the notary public shall be deemed to be the minutes of the Shareholders’ Meeting and need not be approved by it.”

On the basis of the above considerations, the board of directors of Fluidra, S.A. signs, for the appropriate legal purposes, this Report which will be available to the shareholders at the registered office of the company after the date of publication of the notices of call for the annual shareholders’ meeting.

In Sabadell, on April 27, 2011

Joan Planes Vila

Eloy Planes Corts

Bernat Garrigós Castro

Óscar Serra Duffo

Bernardo Corbera Serra

Bansabadell Inversió Desenvolupament,
S.A., represented by Carlos Ventura
Santamans

Richard Cathcart

Kam Son Leong

Juan Ignacio Acha-Orbea Echevarria

Grupo Corporativo Empresarial de la Caja
de Ahorros y Monte de Piedad de
Navarra, S.A. sole-shareholder company,
represented by
Eduardo López Milagro

Schedule 1
Restated Corporate Bylaws

Schedule 2
Comparison between the proposed wording and the current wording of the
articles of the bylaws subject matter of the Report

**Schedule 3
Restated Regulations**

Schedule 4
Comparison between the proposed wording and the current wording of the
articles of the Regulations subject matter of the Report