

Report on the Compensation Policy for 2009

April 2010



TABLE OF CONTENTS

1. INTRODUCTION	
1.1 Composition of the Board of Directors of the Company	3
1.2 Appointments and Compensation Committee	4
1.2.1 Composition	4
1.2.2 Functions	5
1.2.3 Meetings	6
1.2.4 1.2.4 Main aspects reviewed in 2009	6
2. GENERAL PRINCIPLES GOVERNING THE COMPENSATION POLICY FOR DIRECTORS	7
3. REMUNERATION SYSTEM OF THE EXECUTIVE DIRECTORS	8
3.1 Fixed compensation	8
3.2 Variable compensation	9
3.3 Statutory remuneration	9
3.4 Employee welfare systems	9
3.5 Share-based incentive systems	10
3.6 Main features of employment contracts	11
4. COMPENSATION SYSTEM FOR NONEXECUTIVE DIRECTORS	12
4.1 Compensation during 2009	13
4.2 Compensation established for 2010	14
4.3 Employee welfare systems	15
4.4 Other compensation	15
4.5 Share-based incentives	15
4.6 Main characteristics of employment contracts	15
5. SPECIAL REFERENCE TO THE FUTURE POLICY	15

1. Introduction

In accordance with Article 25.4 of its Bylaws and with the recommendations of the Unified Good Governance Code approved by the National Securities Market Commission on 19 May 2006, and in line with the European Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies, the Board of Directors of the Company FLUIDRA, S.A. (hereinafter called Fluidra or the Company) issues an annual report on its remuneration policy for the current financial year and on the implementation of its remuneration policy in the previous financial year.

This report is to be made available to shareholders, in the manner deemed appropriate by the Board of Directors, at the time of calling the Ordinary General Meeting of Shareholders.

1.1 Composition of the Board of Directors of the Company

Along the 2009 it was joined a new Director to the Board, so at present, the composition of the Board of Directors of FLUIDRA, S.A. is as follows:

Name	Office	Type of office	Date of first appointment	Start date of current term of office	End date of current term of office
Mr. Joan Planes Vila	Chairman	Nonexecutive nominee	09/05/07	09/05/07	09/05/13
Mr. Eloy Planes Corts	Managing Director	Executive	10/31/06	10/31/06	10/31/12
Mr. Bernat Garrigós Castro	Vice secretary	Nonexecutive nominee	09/05/07	09/05/07	09/05/13
Mr. Oscar Serra Duffo	Member	Nonexecutive nominee	09/05/07	09/05/07	09/05/13
Mr. Bernardo Corbera Serra	Member	Nonexecutive nominee	10/03/02	09/05/07	09/05/13
BIDSA(1) (Mr. Carlos Ventura Santamans)	Member	Nonexecutive nominee	01/07/03	09/05/07	09/05/13

Fluidra
Report on the Compensation Policy for 2009

Name	Office	Type of office	Date of first appointment	Start date of current term of office	End date of current term of office
Mr. Juan Ignacio Acha-Orbea Echevarría	Member	Nonexecutive independent	09/05/07	09/05/07	09/05/13
Mr. Kam Son Leong	Member	Nonexecutive independent	09/05/07	09/05/07	09/05/13
Mr. Richard J. Cathcart	Member	Nonexecutive independent	09/05/07	09/05/07	09/05/13
CAN (2) (D. Eduardo Lopez Milagro)	Member	Nonexecutive nominee	06/05/09	06/05/09	06/05/15
Mr. Alberto Collado Armengol	Secretary	Nondirector	09/17/07	09/17/07	09/17/13

(1) *Bansabadell Inversió Desenvolupament, S.A.U.*

(2) *Grupo Corporativo empresarial de la Caja de ahorros y Monte de piedad de Navarra S.A.U*

1.2 Appointments and Compensation Committee

The composition, powers and workings of Appointments and Compensation Committee are contained in Article 14 of the Board Regulations which, for such purpose, establish as follows:

1.2.1 Composition

The Committee will be formed by a minimum of three nonexecutive directors, mostly of an independent nature, who will be appointed by the Board of Directors, without prejudice to the attendance of executive directors or senior executives when the members of the Committee expressly so resolve.

The Chairman of the Committee will necessarily be an independent director, elected from among the nonexecutive directors, and he must be replaced every four years. The Chairman can be reelected once a period of one year has elapsed since the date of his

Fluidra
Report on the Compensation Policy for 2009

standing down. The Committee Secretary will be chosen from among the Committee members.

At present, the Appointments and Compensation Committee is composed by:

First and last names	Office	Appointment date
Richard J. Cathcart	Chairman	September 17, 2007
Bernat Garrigós Castro	Member*	September 17, 2007
Kam Son Leong	Member	September 17, 2007

() Holding the office of Committee Secretary*

1.2.2 Functions

Without prejudice to any other functions that may be conferred on it by the Company's Board of Directors, the Committee has the following basic responsibilities:

- (1) Devise and review the rules to be followed in determining the composition of the executive team of the Company and its subsidiaries and for the selection of candidates.
- (2) Evaluate the competencies, knowledge and experience needed on the Board, consequently defining the functions and abilities needed of the candidates to fill each vacancy, and evaluate the time and dedication required for them to successfully perform their brief.
- (3) Report and refer to the Board such appointments and removals of senior executives and executives as may be proposed by the Managing Director, in order for the Board to proceed to designate new ones.
- (4) Report to the Board on the issues regarding the diversity of the gender and qualifications of directors, as established in Article 6.2 of the Board Regulations (definitions of the different classes of director).

- (5) Propose to the Board: (i) the compensation policy for directors and senior executives; (ii) the individual compensation of executive directors and their other contractual terms and conditions; (iii) hiring policies and the basic terms and conditions of the contracts for senior executives of the Company.
- (6) Scrutinize or arrange, in such way as is deemed adequate, for the succession of the Chairman and of the Managing Director and, if appropriate, make proposals to the Board in order for such succession to take place in an orderly and well-planned way.
- (7) Ensure that the compensation policy established by the Company is observed and that the compensation paid is transparent.

For optional performance of its functions, the Committee may seek the advice of outside experts as and when it deems this to be necessary.

1.2.3 Meetings

The Committee will ordinarily meet each quarter. It will also meet whenever its Chairman calls a meeting, which must happen whenever the Board or its Chairman requests a report to be produced or proposals to be adopted and, in any case, whenever it proves necessary for the successful performance of its functions. In 2009, the Committee has met five times. For 2010, the Committee is expected to meet four times.

1.2.4 1.2.4 Main aspects reviewed in 2009

In addition to reviewing all aspects relating to its basic responsibilities, as described above, in 2009 the Appointments and Remuneration Committee focused its activities on the following aspects:

- Review, study and proposal to amend Article 44 of Fluidra's Articles of Association, which sets out the policy on the Remuneration of the Board.
- Strategic objectives for the CEO
- Review and promotion of the Talent Management Plan for the Company's senior management.
- Design and application of a new self-assessment tool for the Board of Directors.

- Introduction of a new variable compensation system linked to the increased value of shares for the members of the Board of Directors.
- Study of the new international guidelines on the compensation of the Directors of listed companies.
- Review of the long-term Incentive Plan for the CEO and the management team. Market survey and study of the best practices followed by Spanish companies for the purposes of designing a new long-term incentive plan.
- Review of the Company's equality and diversity policy.

2. General principles governing the compensation policy for directors

According to the new wording of articles 44 of the Company's Articles of Association and 25 of the Board Regulations, the Directors' remuneration shall consist of a fixed, specific annual emolument and of a fee for attending the meetings of the Board of Directors and of its delegational and consulting committees. The maximum amount of the remunerations which the Company may pay to the Directors as a whole for both items shall be determined for such purpose by the Shareholders' Meeting and shall remain in force until such time as the Shareholders' Meeting decides to modify it. The exact amount to be paid within that limit, the distribution thereof amongst the different Directors and the payment schedule shall be determined by the Board of Directors in the proportion which it freely determines. When determining the amount of remuneration to be received by each Director, the principle shall be applied whereby the amount is to reflect the actual professional performance of each of them.

Additionally, apart from the remuneration provided for in the preceding paragraph, the Company plans to establish remuneration systems which are indexed to the market value of the shares or which entail the delivery of shares or of stock option to the Directors. The application of such remuneration systems shall be decided on by the Shareholders' Meeting, which shall determine, as the case may be, the value of the shares to be taken as a reference, the number of shares to be delivered to each Director, the exercise price of the stock options, the duration of this remuneration system and any other conditions it deems appropriate.

The remuneration established in the preceding paragraphs derived from the Directors' membership on the Board of Director shall be compatible with the other professional or employment items received by the Directors for any executive or advisory functions they may perform for the Company other than those relating to supervision and collective decision-making specific to their office as Directors, and which shall be subject to the legal regime applicable to them.

3. Remuneration system of the executive directors

At present, there is only one executive director at the Company, Mr. Eloy Planes Corts, who was appointed as Managing Director at the Board meeting held on October 1, 2006. Additionally, Mr. Planes holds the office of General Manager of the Company by virtue of the top executive employment contract executed on March 30, 2006.

Mr. Eloy Planes Corts is not a member of the managing bodies of other Group companies and, therefore, does not receive any compensation in this respect.

At the proposal of the Appointments and Remuneration Committee, the Company's Board of Directors decided to set the financial and professional conditions to which Mr Eloy Planes Corts is entitled for 2009 within the framework of his commercial contractual relationship with the Company as its CEO, which are in addition to the compensation to which he is entitled as a member of the Company's Board of Directors.

3.1 Fixed compensation

The fixed compensation (annual basis) that Mr. Planes received in 2009 was as follows:

Item	Gross amount (€)
Compensation as Board member	91,000
Compensation as General Manager	240,000
Total	336,000

3.2 Variable compensation

According to Mr. Planes' employment contract, he receives annual variable gross compensation linked to the fulfilment of several objectives related to the budget established by the Board for each fiscal year.

This variable compensation may be paid, in whole or in part, in such forms, that need not necessarily be monetary, as will be mutually agreed upon by Mr. Planes and the Company. In the absence of an agreement, the compensation will be paid in cash in a single lump sum.

The variable compensation will be paid once the financial statements for each fiscal year have been prepared and, in any case, by no later than April 30 following each fiscal year-end.

The variable compensation paid in 2010, corresponding to 2009 targets, amounted to 10.000 euros.

3.3 Statutory remuneration

Mr. Eloy Planes Corts is entitled to the per-diem allowance and other remuneration paid to members of the Board of Directors of FLUIDRA as a result both of attending Board meetings and of sitting on the various executive committees of the Board.

In 2009, he was assigned a compensation of 91,000 euros, as mentioned in Section 3.1, of which 60,000 corresponded to his fixed compensation, 6,000 to sitting fees and 25,000 to his work as chairman of the Managing Committee.

There is also a common variable compensation for all members of the Board, in theory worth 5,000 euros and linked to the increase in share value. This amount may be more or less than the theoretical amount based on the appreciation of shares. In 2010, the amount paid out based on the behaviour of shares in 2009 was 7.249 euros.

3.4 Employee welfare systems

The Company has undertaken a pension commitment in favour of Mr Eloy Planes Corts in the event of his death or disability. The Company will be solely responsible for the payment of the following benefits:

- In the event of Mr Planes's death, the beneficiary named by him will receive the equivalent of 4 years' fixed Gross Salary at the time of death.
- In the event of Mr Planes's total, permanent, or severe disability before the end of this contract, he will receive, until the age of 65, a monthly allowance equivalent to one twelfth of 75% of his last fixed annual Gross Salary at the time of his disability.

3.5 Share-based incentive systems

As described in the remuneration report for the 2008 financial year, the Shareholders' Meeting of the Company approved, on September 2007, the implementation of a Share-based Incentive Plan called the "Fluidra Value Creation Plan 2007-2011" addressed to the executive team of the Company, including the executive directors.

At the time the Plan was designed and implemented, it responded to the need to adjust to the trends followed by other companies in a comparable position to Fluidra in terms of share-based incentives. It was likewise designed to motivate and build up the loyalty of certain directors and senior executives in the Company. Part of their compensation was therefore linked to the business' increase in value and another part to the Group's going-concern value.

The Plan consists of the Board of Directors granting to the beneficiaries of the Plan a certain number of restricted stock units (RSUs), linked to the fulfilment of the fixed objectives, the which shall be settled in shares in the Company when a period of four years has elapsed (known as the "Value Creation Period") following the date on which the Company's shares were admitted to trading on the stock market (i.e., October 31, 2007).

Given the change in the international economic climate that came to light in 2009, the goals set in the "Fluidra Value Creation Plan 2007-2011"—addressed to the Company's executive team and its CEO—became unattainable, thus making it clear that the Plan could no longer fulfil its initial purpose. Therefore, in 2009 the Appointments and Remuneration Committee conducted a market survey and a study of the best practices used by Spanish companies related to long-term incentives. The purpose of these studies was to design a new incentive package for 2010 that would align the performance of the directors and senior executives with the Company's targets over the next few years, as well as to build up the loyalty of the individuals who hold key positions in the Company, stimulating this way

the implementation to strategies that make possible the increase and the creation of the long term value for Fluidra and their shareholders.

3.6 Main features of employment contracts

Mr Eloy Planes' contract as the Company's CEO is a commercial relationship whose subject matter determines that he shall provide the services inherent to that of CEO. Such services are generally provided for under mercantile law and more specifically in the Company's Articles of Association, the Regulations applicable to the Company's governing bodies and those passed at the Fluidra AGM on 31 October 2006, at which he was entrusted with all the powers of the Board of Directors with the sole exception of non-delegable powers.

Specifically, Mr Eloy Planes will assume the responsibilities of the Company's senior management and will therefore take on all responsibility for the Company's executive, managerial and administrative decisions.

The contract contains a post-contractual non-competition covenant and establishes certain rights in the event that it is terminated.

a) Post-contractual non-competition covenant

Without prejudice to the provision whereby Mr. Planes undertakes, during the term of the contract, not to compete with the Company, a post-contract non-competition covenant is established for 2 years following the end of the employment relationship.

The consideration established for the obligation entered into by Mr. Planes by virtue of the post-contractual non-competition covenant is two years of his current annual, fixed Gross Salary when the employment contract is terminated. Such consideration will be paid in four installments, with each installment falling due at the end of each of the four half-yearly periods in which the covenant applies, and will be independent from and compatible with the indemnification established in the contract for the cases in which Mr. Planes is removed.

b) Severance payment.

In case of termination of the contract by the Company for any cause, other than dismissal on disciplinary grounds held to be justified in a final judgment rendered by the labour courts, Mr. Planes will be entitled to receive an indemnification equal to three (3) years of his annual Gross Salary, taking into account the gross fixed annual salary received in the year of termination and the gross variable annual salary for the preceding year.

Mr. Eloy Planes will be entitled to receive the above-mentioned severance payment if he decides to terminate the contract of his own free will, as long as such termination is due to any of the following reasons:

- a serious breach by the Company of its contractual or professional obligations
- a substantial reduction or limitation of his functions or powers
- a substantial change in the conditions set out in this Contract
- a change in ownership of FLUIDRA, whether or not there is a change in the company's management

4. Compensation system for nonexecutive directors

Along the 2009 it was joined a new Director to the Board, so the nonexecutive directors currently forming part of the Board of Directors of the Company are the following:

Name	Office
Mr. Joan Planes Vila	Chairman
Mr. Bernat Garrigós Castro	Vice secretary
Mr. Oscar Serra Duffo	Member
Mr. Bernardo Corbera Serra	Member
Bansabadell Inversió Desenvolupament (Mr. Carlos Ventura Santamans)	Member
Mr. Juan Ignacio Acha-Orbea Echevarría	Member
Mr. Kam Son Leong	Member

Fluidra
Report on the Compensation Policy for 2009

Name	Office
Mr. Richard J. Cathcart	Member
Grupo Corporativo empresarial de la Caja de ahorros y Monte de piedad de Navarra S.A.U (Mr. Eduardo Lopez Milagro)	Member

4.1 Compensation during 2009

The compensation received by the nonexecutive directors of the Company in 2009 for their membership of the Board of Directors and of the various Committees at the Company (Managing Committee, Appointments and Compensation Committee, and Audit Committee) was as follows:

Remuneration BoD 2009							
Director	Board of Directors	Annual variable Comp	Attendance fees	Appments. Committee	Audit Committee	Managing Committee	Total
Joan Planes *	96.000	7.249	6.000		8.000		117.249
Bernat Corbera	60.000	7.249	6.000			20.000	93.249
Oscar Serra	60.000	7.249	6.000			20.000	93.249
Bernat Garrigos (1)	60.000	7.249	6.000	8.000		10.000	91.249
BIDSA	60.000	7.249	6.000		8.000	20.000	101.249
Kam S. Leong (2)	60.000	7.249	16.000	8.000			91.249
Richard J. Cathcart (2) (3)	60.000	7.249	16.000	10.000			93.249
Juan Ignacio Acha (3)	60.000	7.249	6.000		10.000	20.000	103.249
CAN (4)	25.714	0	2.571				28.286
Total	541.714	57.992	70.571	26.000	26.000	90.000	812.278

* Chairman of the Board

(1) The amount that he receives for his participation on the Managing Committee is lower than that of the rest of the members because he is Secretary of the Committee and not a full-time member.

(2) They receive a higher amount than the rest of the members of the Board since they do not reside in Spain.

(3) The amount that they receive for their participation on the Appointments and Audit Committees is higher than the rest of the members of the mentioned Committees because they are the Presidents of each one of these Commissions.

(4) Joined the Board halfway through the year. The compensation is proportional to the number of meetings attended, namely, 3 out of 7. There is no variable compensation as he was not there at the beginning of the year.

Fluidra Report on the Compensation Policy for 2009

The variable compensation system for the members of the Board of Directors, linked to the value of Company shares, is calculated according to the following formula:

$$\text{Variable remuneration} = N / (V_i * 1.05) * V_f$$

Vi: Initial listed value of the share (average listed value of the share in the month of December of the financial year preceding that for which the compensation is calculated).

Vf: Final listed value of the share (average listed value of the share in the month of December of the financial year preceding that for which the compensation is calculated).

The base variable compensation established in 2009 (N) was five thousand euros per director. The variable compensation received, based on the aforementioned formula, is 7,249 euros per Director.

4.2 Compensation established for 2010

The compensation forecast for the Board in 2010 is as follows:

Remuneration BoD 2010							
Director	Board of Directors	Annual variable Comp	Attendance fees	Appments. Committee	Audit Committee	Managing Committee	Total 09
Joan Planes *	96.000	5.000	6.000		8.000		115.000
Bernat Corbera	60.000	5.000	6.000			20.000	91.000
Oscar Serra	60.000	5.000	6.000			20.000	91.000
Bernat Garrigos (1)	60.000	5.000	6.000	8.000		10.000	89.000
BIDSA	60.000	5.000	6.000		8.000	20.000	99.000
Kam S. Leong (2)	60.000	5.000	16.000	8.000			89.000
Richard J. Cathcart (2) (3)	60.000	5.000	16.000	10.000			91.000
Juan Ignacio Acha (3)	60.000	5.000	6.000		10.000	20.000	101.000
CAN	60.000	5.000	6.000				71.000
Total	576.000	45.000	74.000	26.000	26.000	90.000	837.000

* Chairman of the Board

(1) The amount that he receives for his participation on the Managing Committee is lower than that of the rest of the members because he is Secretary of the Committee and not a full-time member.

(2) They receive a higher amount than the rest of the members of the Board since they do not reside in Spain.

Fluidra
Report on the Compensation Policy for 2009

(3) The amount that they receive for their participation on the Appointments and Audit Committees is higher than the rest of the members of the mentioned Committees because they are the Presidents of each one of these Commissions.

The base variable remuneration established in 2010 will be, as was in 2009, five thousand euros per director. The mentioned variable remuneration will be calculate following the same formula for the 2010 year.

4.3 Employee welfare systems

The Company has not assumed any obligation or commitment whatsoever in relation to pensions, retirement or the like with nonexecutive directors.

4.4 Other compensation

There are no other compensation systems for nonexecutive directors.

4.5 Share-based incentives

There are no share-based incentive systems in which the nonexecutive directors participate.

4.6 Main characteristics of employment contracts

The Company has not executed any employment contracts with the nonexecutive directors.

5. SPECIAL REFERENCE TO THE FUTURE POLICY

The Appointments and Compensation Committee, in the exercise of the functions attributed to it by the Regulations of the Company's Board, periodically reviews the policy for compensating the members of the Board, putting forward to the latter, within the framework established for such purpose, as many proposals as it considers advisable in relation to both items and amounts, bearing in mind the conditions in which the Company operates and its performance. In this sense, taking into consideration market surveys and analysis, the Appointments and Compensation Committee is working in order to adapt the current remuneration structure to the practice followed by any other companies comparable to Fluidra considering the specific points for each position.

Fluidra
Report on the Compensation Policy for 2009

Based on the above, as mentioned in Section 3.5 of this report, the Appointments and Remuneration Committee is working to implement for 2010 a new long term incentive Plan that would align the performance of the directors and senior executives with the Company's targets over the next few years, to stimulate the creation of the long term value for Fluidra and their shareholders.