

**FULL TEXT OF THE PROPOSALS OF RESOLUTIONS  
TO BE SUBMITTED TO THE  
ANNUAL SHAREHOLDERS' MEETING 2010**



## **FULL TEXT OF THE PROPOSALS OF RESOLUTIONS TO BE SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING**

**Item One: Examination and approval, if fitting, of the financial statements and of the management report, both of the Company and of its consolidated group of companies, for the financial year closed at December 31, 2009.**

***Proposed resolution***

To approve the financial statements of the Company, consisting of the balance sheet, the income statement, the statement of changes in the equity, cash flow statement and notes to the financial statements, and the management report, of Fluidra, S.A. and of its consolidated group of companies, for the financial year closed at December 31, 2009, prepared by the Board of Directors of the Company on March 25, 2010.

**Item Two: Allocation of profit/loss of the financial year closed at December 31, 2009.**

***Proposed resolution***

To approve the distribution of the profit of financial year 2009, amounting to 8.828.369,90.-€, as set forth below:

To the legal reserve:	€882.837,00
To voluntary reserves:	€3.945.532,90
To a dividend:	€4.000.000,00

The payment of the described dividend shall take place through the member entities of Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*) during the forth quarter of 2010.

**Item Three: Examination and approval, if fitting, of the management of the Company by the Board of Directors in financial year 2009.**

***Proposed resolution***

To approve the management of the Company by the Board of Directors in financial year 2009.

**Item Four: Reelection or appointment of the auditor, both of the Company and of its consolidated group of companies.**

***Proposed resolution***

To reelect as auditor of Fluidra, S.A. and of its consolidated group of companies for financial year 2010, the firm KPMG Auditores, S.L., with its registered office at Paseo de la Castellana 95, Madrid, with Tax Identity Code ("CIF") B-78,510,153, entered at the Commercial Registry of Madrid, in volume 11.961, folio 84, page M-188.007.

**Item Five: Submission of the Report on Compensation Policy for the directors.**

***Proposed resolution***

In compliance with article 25 of the Board Regulations, the mandatory Report on the Compensation Policy for the Directors of Fluidra, S.A. for financial year 2009 and the financial year in progress was submitted to the Shareholders' Meeting, which acknowledged its content.

**Item Six: Establishment of the incentives plan based on shares for executives at Group Fluidra, S.A.**

***Proposed resolution***

A) To approve the incentives plan based on shares for executives at Fluidra, S.A. (hereinafter, "Fluidra" or the "Company") with the following basic characteristics:

a) Objective of the Plan: the aim of rolling out the stock incentive plan at Fluidra (hereinafter, the "Plan") is to achieve the highest degree of motivation and loyalty from its beneficiaries, by linking a portion of their compensation to the Company's share price.

b) Instruments: the Plan will be articulated through the following instruments:

i) A portion of the incentive will be implemented by awarding a certain number of Restricted Stock Units (hereinafter, "RSU"), which will be settled in Company shares, after a certain period of time. For the purposes of this Plan, the RSU will confer on their holder the possibility to receive one Company share for each RSU awarded.

ii) The other portion of the incentive will be awarded in Stock Appreciation Rights (hereinafter, "SAR"), exchangeable for Company shares after a certain period of time. For the purposes of this Plan, each SAR will confer on its holder the possibility to receive, in Company shares, the appreciation in value that takes place for a Fluidra share.

c) Beneficiaries: the beneficiaries of the Plan will be the members of the executive team at Fluidra and at the companies of its consolidated group, as determined by the Board of Directors, following recommendation by the Appointments and Compensation Committee, including the chief executive officer.

The estimated initial number of beneficiaries, to be set definitively by the Board of Directors, following recommendation by the Appointments and Compensation Committee, will be 7. Nevertheless, the Board of Directors, following recommendation by the Appointments and Compensation Committee, may resolve to include new beneficiaries not initially envisaged.

Adhesion to the Plan by the beneficiaries will be voluntary.

d) Maximum number of units and rights:

i) The maximum number of RSU to be awarded under the Plan will be 220,000.

As a result, the maximum number of Company shares to be awarded under the Plan will be 220,000 shares, which represents approximately 0,20% of the Company's capital stock.

Nevertheless, the number of units to be awarded to each beneficiary and the final number of shares subject to the Plan will be determined by the Company's Board of Directors, following recommendation by the Appointments and Compensation Committee.



ii) As for the SAR, the maximum number of rights in shares to be taken as a reference to set the variable compensation to be paid to the beneficiaries will be 660,000.

Nevertheless, the number of rights in shares to be awarded to each beneficiary will be determined by the Company's Board of Directors, following recommendation by the Appointments and Compensation Committee.

e) Term: the Plan will start on June 2, 2010 and be for a maximum term of five (5) years and two (2) months. The Plan will imply bringing into operation three successive cycles, each for a three-year term, and accordingly, from July 15, 2010 (starting date for the first cycle), inclusive, a cycle will start each year and, also, from July 15, 2013 (ending date for the first cycle), inclusive, a cycle will end each year due to the completion of the three-year term.

f) Individualized assignment: the individualized assignment of the number of units and the number of rights in shares to each of the beneficiaries of the Plan will be made, for each cycle, by the Board of Directors, following recommendation by the Appointments and Compensation Committee.

That individualized assignment will be made purely and simply for computation purposes and will not imply the acquisition of shareholder status or of any other rights attached to that status by the beneficiary. Moreover, the awarded units and rights will be *intuitu personae* and, as a result, nontransferable to third parties.

g) Award date: the award date of the RSU and of the SAR in each of the cycles will be as follows:

i) First cycle: the award date will be July 15, 2010.

ii) Second cycle: the award date will be July 15, 2011.

iii) Third cycle: the award date will be July 15, 2012.

In each of the three cycles, up to a third of the maximum number of RSU and of SAR to be awarded under the Plan will be awarded.

Should the Board of Directors decide to include new beneficiaries, and make awards to them outside the specified dates, the Board itself will determine the award date.

h) Share price to be used as reference for computing the variable compensation to be received as a result of the award of SAR: to compute the variable compensation to receive as a result of the award of SAR, the weighted average price for Fluidra's shares in the last thirty (30) stockmarket trading sessions prior to the award date of the rights will be taken as initial unit value of Fluidra's shares.

Moreover, for each award, a reference final value will be established at the weighted average price of the Company's shares in the thirty (30) stockmarket trading sessions prior to the end date of the measurement period for the value.

i) Value measurement period: for each of the Plan cycles a value measurement period will be established which will be:

i) For the SAR, the value measurement period will be the time period that will be taken as reference to compute appreciation in the Fluidra share price and that will determine the amount of the incentive.

ii) For the RSU, the value measurement period will be the maturity period that must run prior to their conversion into shares.

The value measurement period will start, for each cycle, on the award date of the SAR and of the RSU and end three years after each of those dates.



Should the Board of Directors decide to include new beneficiaries, and make awards to them outside the specified dates, the Board itself will determine the value measurement period.

j) Condition for the award: as a necessary condition to be met for the award of the RSU and of the SAR, beneficiaries must expressly waive any right or expectation of a right to which they may be entitled under the "Plan Creación Valor Fluidra 2007-2011" value creation plan approved by the Company's special shareholders' meeting on September 5, 2007, if they were beneficiaries of it. If no such waiver exists, the beneficiary concerned would lose his status as such in the Plan and therefore the right to receive the RSU and the SAR and as a result, the incentive that might arise from them under the Plan.

k) Settlement of the variable compensation: once the value measurement period for each cycle has ended, and where the conditions set in the general terms and conditions of the Plan have been fulfilled, settlement of the variable compensation to be received as a result of the award of SAR and RSU will take place through the delivery of shares in the Company in the following manner:

i) As regards the portion of the incentive implemented through the award of RSU, the beneficiaries will receive one Company share for each RSU that they have.

ii) As regards the portion of the incentive implemented through the award of SAR, the settlement of the variable compensation will take place through the delivery of Company shares, valued at their weighted average price in the thirty (30) stockmarket trading sessions prior to the end of the value measurement period for each of the awards in the Plan. As a result, the total number of shares to be delivered will be determined by dividing the total incentive to be paid to the beneficiaries of the Plan by the Company share price mentioned above.

l) Delivery of the shares: the delivery of the shares in payment of the variable compensation will be made either by the Company itself or by a third party, in accordance with the coverage systems finally adopted by the Board of Directors.

m) Early termination or amendment of the Plan: the Plan may set forth events of termination or of amendment in the cases of dilution of capital that may be determined by the Board of Directors.

n) Coverage system: the coverage system of the Plan will be determined in time and form by the company's Board of Directors, for which purpose that body is expressly empowered.

B) For the bringing into operation and actual establishment of the Plan, to empower the Company's Board of Directors, with the express powers to delegate, so that it may implement, develop, formalize, perform and settle the Plan, adopting the resolutions and signing the documents, public or private, that may be necessary or appropriate for it to be fully valid, including the power to correct, rectify, amend or add to this resolution and, in particular, merely by way of example, the following powers:

(i) To formalize the Plan on behalf the Company, taking all such steps that may be necessary or appropriate to perform it in the best manner.

(ii) To develop and set the specific terms and conditions of the Plan for all matters not provided for in this resolution.

(iii) To draft, execute and file such additional notifications and documents as may be necessary or appropriate at any public or private body for the purpose of implementing, performing and settling the Plan.

(iv) To carry out any step, statement or formality at any agency, entity or public register, whether public or private, Spanish or foreign, to obtain any authorization or inspection necessary for the



implementation, performance and settlement of the Plan.

(v) To negotiate, agree and sign counterparty and liquidity agreements with the financial institutions that it may freely appoint, on the terms and conditions it deems appropriate.

(vi) To draft, sign, execute and, where required, certify, any type of document relating to the Plan.

(vii) To adapt the terms of the Plan as described above to the circumstances or corporate transactions that might take place in its valid term which, in its opinion, might have a significant effect on the objectives and basic terms and conditions initially established.

(viii) And, generally, to take such steps and sign such documents as may be necessary or merely appropriate to secure the validity, effectiveness, implementation, development, performance, settlement and successful completion of the Plan.

**Item Seven: Authorization for the Company to be able to proceed to the derivative acquisition of treasury stock, directly or through companies in the group, with express power to reduce capital to redeem treasury stock, delegating to the Board of Directors the powers necessary to implement the resolutions to be adopted by the Shareholders' Meeting related to this matter, rendering the previous authorization null and void and authorized to allocate, if appropriate, the portfolio of treasury stock to implementation or coverage of compensation systems.**

***Proposed resolution***

(A) To authorize the Board of Directors so that, in compliance with article 75 and related articles of the Spanish Business Corporations Law (*Ley de Sociedades Anónimas*), it might proceed to the derivative acquisition of treasury stock of the Company through any procedure, either directly or through its controlled companies, and subsequently to dispose of or redeem them, on the following terms and conditions:

1. The shares may be acquired by purchase or through any other procedure for consideration.
2. The maximum number of shares to be acquired, summed to those held by Fluidra, S.A. or any of its controlled companies, will not exceed the maximum percentage of share capital of the Company established by law from time to time.
3. The shares to be acquired will be free and clear from encumbrances and charges and will be fully paid up.
4. The minimum acquisition price of the shares will not be less than their par value and the maximum price will not be higher than 120% of their listed value on the date of acquisition.
5. This authorization will remain in effect for 18 months after the date of this resolution.

(B) To render null and void the authorization granted related to the same matter by the Shareholders' Meeting held on June 5<sup>th</sup>, 2009.

(C) To authorize the Board of Directors to allocate, in whole or in part, the treasury stock acquired to implementation or coverage of compensation systems (currently in existence and/or implemented in future, as appropriate) that have the purpose of or imply deliver of shares or stock options, or that are based in any manner on the evolution of the listed value of the share, as provided for in article 75.1 of the Spanish Business Corporations Law.

(D) To reduce capital, to redeem the treasury stock of the Company that it may have on its balance sheet, charged to profits or freely available reserves, in the amount advisable or necessary from time to time, up to the maximum treasury stock existing from time to time.

To delegate to the Board of Directors the implementation of this resolution to reduce capital, the Board to implement it in one or more transactions, within the maximum term of eighteen months after the date of adoption of this resolution, complying with any formalities, taking any steps and obtaining any authorizations necessary or required by the Spanish Business Corporations Law and other applicable legal provisions and, particularly, with authority, within the terms and subject to the limits established for such implementation, (i) to establish the date(s) of the specific reduction(s) of capital and their opportunity and advisability, (ii) to establish the amount of the reduction, (iii) to establish the allocation of the amount of the reduction, furnishing, if appropriate, any necessary security and complying with the statutory requirements, (iv) to adapt article 5 of the Bylaws to the new share capital, (v) to apply for de-listing of the redeemed shares and, (vi) in general, to adopt such resolutions as may be necessary for the purposes of such redemption and consequent reduction of capital, appointing the persons to act in its execution in a public instrument.

### **Item Eight: Approval of the take-over merger of Fluidra Services, S.A.U. by Fluidra, S.A. and approval of the merger balances sheet**

#### ***Proposed agreement***

- **Approval of the merger balance sheet.** Pursuant to article 36.1 of Act 3/2009 of 3 April, on structural modifications to trading companies (hereinafter, Act 3/2009), which amended some of the articles in the Consolidated Text of the Public Limited Companies Act, approved by Royal Legislative Decree 1564/1989, of 22 December, and specifically Chapter VIII, articles 223 to 259, on mergers, the balance sheet of the company as at 31 December 2009 is approved for the purposes of the merger. A copy of the aforementioned balance sheet is attached as an Annex to the certification of this instrument.

- **Approval of the draft merger.** In compliance with article 40 of Act 3/2009 in force, the Draft Merger signed on 26 April 2010, which was subsequently ratified by all the members of the Board of Fluidra S.A. (acquiring company) that did not sign it on the above date, and by the sole director of FLUIDRA SERVICES S.A.U. (acquired company) was approved in full.

- **Approval of the merger.** The take-over merger by FLUIDRA S. A. (acquiring company) of FLUIDRA SERVICES S.A.U. (acquired company) under the terms and conditions set out in the Draft Merger drawn and signed by the respective administrative bodies of the companies involved in the merger was approved on 26 April 2010.

The take-over merger by FLUIDRA S. A. of FLUIDRA SERVICES S.A.U. through the winding up of the acquired company without liquidation and with the allocation of all of the acquired company's assets to the acquiring company.

The most relevant terms and conditions contained in the Draft Merger, which is in line with the merger, and that insofar as is required are reproduced herein, are as follows:

#### **1. MERGER PROCEDURE.**

In view of the position in which the companies involved in this merger operation find themselves, it shall be undertaken pursuant to the provisions set out in article 49.1 of Act 3/2009, given that the acquired company is directly owned in full by the acquiring company, the trading company "FLUIDRA S.A.", as listed below:



- FLUIDRA S.A. directly owns one hundred percent of the share capital of FLUIDRA SERVICES, S.A.U, which is represented by shares numbered from 1 to 60,000 inclusive.

In accordance with this circumstance, the planned merger operation will be undertaken pursuant to the provisions in article 49.1 of Act 3/2009 without the need for the inclusion in this draft merger of the items mentioned in sections 2 and 6 of article 31 of Act 3/2009, namely, the reports by experts and the administrators, the share swap of the acquiring company as a result of the merger, a capital increase by the acquiring company in order to make up the assets of the acquired company and, as a result, it shall not be necessary to provide information about the value of the assets and liabilities of the acquired company that are to be transferred to the resulting company, nor shall it be necessary to make mention of the dates of the accounts of the companies that are to merge that were used to establish the conditions of the merger.

The draft merger must be submitted within the legally established deadline for approval to the sole shareholder of the acquired company and, in the case of the acquiring company, for approval by the AGM, even though this requirement is not compulsory pursuant to article 51 of Act 3/2009.

In accordance with article 226 of the Companies Registry Regulations, the sole director of the acquired company and the members of the Board of Directors of the acquiring company present at this meeting, sign this draft and shall submit a copy of it for its classification and registration with the Companies Registry of Barcelona, which is the one that corresponds to the company headquarters of the companies involved in the merger.

## **2. IDENTIFICATION OF THE TRADING COMPANIES THAT ARE INVOLVED IN THE MERGER**

### **ACQUIRING COMPANY:**

**FLUIDRA, S.A.** It is currently headquartered in Sabadell (Barcelona), at Avenida Francesc Macià 60, planta 20. Its tax identification number is A-17728593.

It is registered on the Companies Registry of Barcelona, in volume 39,930, folio 69, Sheet B-290316.

The company's share capital is 112,629,070.00 euros, which is divided into 112,629,070 shares with a nominal value of 1 euro each that have all been paid up.

The administration of the company is in the hands of the Board of Directors, whose powers are delegated to the CEO. The company designated Mr Eloy Planes Corts as its CEO to exercise the duties associated with the representation of the company's Board of Directors.

The company's corporate purpose is as follows:

- a) The manufacture, sale, purchase and distribution of all classes of machinery, equipment, components, machine parts, instruments, accessories and products specific to swimming pools, irrigation, and the treatment and purification of water in general, made of both metal materials and all types of plastic and its derivatives.
- b) Sales activities both at home and abroad of all kinds of goods and products that are directly or indirectly related to section a).
- c) The representation of commercial and industrial firms and companies devoted to the manufacture of the products listed in section a) of this article, at home and abroad.
- d) The investment of capital in all classes of businesses and companies through the purchase and subscription by any legal means to hold, manage and administer all classes of securities, with the express exclusion of the activities reserved for collective investment institutions and operations provided for in the Stock Market Act.



- e) The appraisal, management and administration of companies and businesses in which the company holds shares.
- f) Any activity that requires express prior administrative authorisation is excluded from the company's corporate purpose.

#### **ACQUIRED COMPANY**

**FLUIDRA SERVICES, S.A.U.** It is headquartered in Sabadell (Barcelona), at Avenida Francesc Macià 60, planta 20. Its tax identification number is A-62495056.

It is registered on the Companies Registry of Barcelona, in volume 37,796, folio 76, Sheet B-22604.

The company's share capital is 300,000.00 euros, which is divided into 60,000 shares with a nominal value of 5 euros each that have all been paid up.

The administration of the company is in the hands of a sole director, the company FLUIDRA S.A. The company designated Mr Eloy Planes Corts as the individual to exercise this post.

The company's corporate purpose is as follows:

- a) The investment of capital in all classes of businesses and companies, particularly those devoted to new technologies, through the purchase, subscription, management and administration of all classes of shares, with the express exclusion of the activities reserved for collective investment institutions and operations provided for in the Stock Market Act.
- b) The appraisal, management and administration of companies and businesses in which the company holds shares.
- c) The development and complete execution of building work on its own account or for third parties. New building work, urban, industrial, sports and housing developments, the treatment and supply of water, digging work, removal of earth and similar activities. The repair and maintenance of all the building work mentioned above and, in general, the construction of all kinds of buildings.
- d) The acquisition of buildings, properties, sites, plots and land of all kinds, their division, development, use, lease and sale.

### **3. FINANCIAL ASPECTS OF THE TRANSACTION**

The acquiring company is the holding company to which all the companies of the Fluidra group belong, and the group to which the acquired company belongs.

The financial reality of the two companies and their growth makes it possible to optimise the management of the group of companies to which they pertain through restructuring and by streamlining expenditure so that operations are more efficient and dynamic as a result of the centralisation of certain services and functions.

Therefore, the merger of the two companies will be carried out with the aim of unifying the management team, thus avoiding duplicating accounting, administrative and fiscal duties, with the subsequent savings in economic and administrative costs that this will entail.



Furthermore, it is expected that the external perception of the group will improve through the merger, in that one sole organisation will represent the interests of the entire group with regard to its corporate image, external relationships with third party companies and the securing of financial resources.

Moreover, the above factors have led the respective administrative bodies of the organisations involved to decide that, for reasons of business viability, a merger will go ahead between the companies. It will take the form of corporate simplification, a reduction in structures and the streamlining of efforts.

#### **4. MERGER BALANCE SHEETS**

The merger balance sheets of the companies participating in the corporate transaction will be subject to the approval by the sole shareholder and the AGM of the acquired and the acquiring companies respectively, in due and proper form, and in compliance at all times with the provisions stated in article 37 of Act 3/2009.

The merger balance sheet of the companies involved in the merger, FLUIDRA S. A. (acquiring company) and FLUIDRA SERVICES S.A.U (acquired company), will be submitted for verification by the Accounts Auditor of the two companies, as they are both subject to the compulsory verification of their accounts pursuant to the legislation in force.

#### **5. DATE OF THE MERGER FOR ACCOUNTING PURPOSES**

The date from which the transactions of the acquired and, therefore, the wound up company, shall be understood to be carried out for accounting purposes insofar as the acquiring company is concerned to be from **1 January 2010**.

#### **6. INCIDENCE ON INDUSTRIAL CONTRIBUTIONS OR ADDITIONAL SERVICES**

There are no industrial contributions or additional services carried out by the sole shareholder of **FLUIDRA SERVICES, S.A.U.** (acquired company), and therefore the merger will not give rise to any incidents to this regard, neither will it award itself compensation for said contributions or additional services to the sole shareholder of the acquired company.

#### **7. COMPANY'S ARTICLES OF ASSOCIATION RESULTING FROM THE MERGER.**

The articles of association of FLUIDRA S.A. (acquiring company) shall not undergo any amendments to their wording as a result of the proposed merger and, specifically, its corporate purpose shall not change as it has not planned to carry out any activities of the acquired company that are not shared by the acquiring company.

#### **8. CONSEQUENCES OF THE MERGER FOR STAFF, ADMINISTRATIVE BODIES AND THE SOCIAL RESPONSIBILITY OF THE COMPANY**

The proposed merger will have no consequences whatsoever on the staff of the companies involved in the merger, nor will it have any impact on their administrative bodies. Likewise, the social responsibility of the companies involved in the merger shall be fully respected.

**9. SHARES AND SPECIAL RIGHTS**

In the acquired company there are no holders of special classes of share or rights. It has therefore not been anticipated to grant any kind of special rights or any other rights to the acquiring company.

**10. BENEFITS FOR DIRECTORS AND EXPERTS**

It is expressly stated that no benefit of any kind shall be granted by the acquiring company to the directors of the companies involved in the merger.

Nor is the intervention of experts necessary, as stated in the corresponding section, pursuant to the provisions set out in article 49.1.2 of Act 3/2009.

**11. AGREEMENT OF THE SOLE SHAREHOLDER AND THE GENERAL SHAREHOLDERS MEETING ON THE APPROVAL OF THE TRANSACTION**

In accordance with the provisions of Act 3/2009, the sole shareholder and the AGMs of the acquired and acquiring companies respectively and those who are involved in the transaction will be subject to approval, if applicable, of the current draft merger, of the respective merger balance sheets and to the adoption of the following decisions referring to the merger, as well as any other decision or agreement that is considered to be necessary to make the merger as efficient as possible.

**12. FISCAL BENEFITS**

The current merger transaction will follow the tax regime set out in Chapter VIII, of Heading VII, of Royal Legislative Decree 4/2004, of 5 March, in which the Consolidated Text of the Law on Corporate Tax is approved. With regard to said take-over, it is expressly stated pursuant to the provisions of article 96 of the aforementioned Act, the companies involved in the merger shall submit written confirmation to the Ministry of Economic Affairs and Finance, stating that they will adhere to the said special tax regime.

**Item Nine: Delegation of powers to execute in a public instrument, construe, remedy and implement the resolutions adopted by the Shareholders' Meeting.**

***Proposed resolution***

To delegate powers to the Board of Directors, with express powers of substitution for the Chairman, the Chief Executive Office and/or the Secretary of the Board of Directors, for any one of them, acting individually, to execute in a public instrument the resolutions adopted at this Shareholders' Meeting and, particularly, to file for entry at the Commercial Registry the certificate of the resolutions of approval of the financial statement and allocation of profits/losses and to execute such public or private documents as may be necessary for the entry of the adopted resolutions at the Commercial Registry, including to request their partial entry, with authority for their remedy or rectification in view of the oral or written classification that may be issued by the Registrar.