POOL CORP
Form DEF 14A
March 27, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a-12

POOL CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No Fee Required
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (Set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total Fee Paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously.
Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No:

3. Filing Party:

4. Date Filed:

POOL CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2009 annual meeting of stockholders (the Annual Meeting) of Pool Corporation (the Company, we, us or our) will be held on Tuesday, May 5, 2009, at 9:00 a.m., Central Time, at the Omni Royal Orleans Hotel, 621 St. Louis Street, New Orleans, Louisiana 70140.

At the Annual Meeting, you will be asked to:

1. elect the directors named in the attached proxy statement to the Board of Directors, each to serve a one-year term or until their successors have been elected and qualified;

2. approve an amendment to the Company's 2007 Long-Term Incentive Plan to increase:

(i) the maximum total number of shares of the Company's Common Stock authorized for issuance from 1,515,000 to 5,415,000 shares;

(ii) within that total maximum, the maximum number of shares that may be issued as restricted stock from 100,000 to 1,300,000; and

(iii) the maximum number of shares of Common Stock that may be granted to one individual during a calendar year from 200,000 to 400,000 shares;

3. ratify the retention of Ernst & Young LLP, certified public accountants, as our independent registered public accounting firm for the 2009 fiscal year; and

4. consider any other business which may properly arise at the Annual Meeting.

The accompanying Proxy Statement describes the matters being voted on and contains other information relating to Pool Corporation.

The Board of Directors has set March 13, 2009 as the record date for the Annual Meeting. This means that only record owners of the Company's common stock at the close of business on that date are entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement of the Annual Meeting.

By Order of the Board of Directors,

Jennifer M. Neil
Corporate Secretary

Covington, Louisiana
March 27, 2009

We urge each stockholder to promptly sign and return the enclosed proxy card or if applicable, to use telephone or internet voting. See "Frequently Asked Questions Regarding Attendance and Voting" for information about voting by telephone or internet.

POOL CORPORATION

109 Northpark Boulevard
Covington, Louisiana 70433

PROXY STATEMENT

Frequently Asked Questions Regarding Attendance and Voting

Q: Why am I receiving these materials?

A: The Board of Directors (the Board) of Pool Corporation (the Company, we, us or our) is providing these proxy materials to you in connection with its solicitation of proxies for use at the 2009 annual meeting of our stockholders (the Annual Meeting). Stockholders at the close of business on March 13, 2009, the record date, are entitled to vote at the Annual Meeting.

Q: Who may vote?

A: With respect to the election of directors, each stockholder is entitled to one vote for every share of common stock owned on the record date for each position to be filled. For all other matters, each stockholder is entitled to one vote on each matter presented for each share of our common stock owned on the record date. On March 13, 2009, there were approximately 48,358,089 shares of our common stock, $0.001 par value, outstanding. This Proxy Statement is being mailed to stockholders on or about March 27, 2009.

Q: When and where will the Annual Meeting be held?

A: The Annual Meeting will be held on Tuesday, May 5, 2009, at 9:00 a.m., Central Time, at the Omni Royal Orleans Hotel, 621 St. Louis Street, New Orleans, Louisiana 70140.

Q: How may I obtain directions to the Annual Meeting?

A: To obtain directions to the Annual Meeting, you may contact Investor Relations at (985) 892-5521.

Q: What proposals will be voted upon at the Annual Meeting?

A: There are three proposals scheduled to be voted upon at the Annual Meeting: (1) elect eight directors to the Board of Directors, each to serve a one-year term or until their successors have been elected and qualified; (2) approve an amendment to our 2007 Long-Term Incentive Plan (2007 LTIP) to (i) increase the maximum total number of shares of our common stock authorized for issuance from 1,515,000 to 5,415,000 shares, (ii) within that total maximum, increase the maximum number of shares that may be issued as restricted stock from 100,000 to 1,300,000, and (iii) increase the maximum number of shares of Common Stock that may be granted to one individual during a calendar year from 200,000 to 400,000 (the 2007 LTIP Amendment); and (3) ratify the retention of Ernst & Young LLP as our independent registered public accounting firm for the 2009 fiscal year. In addition, such other business as may properly come before the Annual Meeting will be considered and voted upon.

Q: How do I vote?

A: If you are a holder of record (that is, if your shares are registered in your own name with our transfer agent), you may vote using the enclosed proxy card. You can also vote by telephone or the internet. Voting instructions are provided on the proxy card contained in the proxy materials.

If you are a street name holder (that is, if you hold your shares through a bank, broker or other holder of record), you must vote in accordance with the voting instruction form provided by your bank, broker or other holder of record. The availability of telephone or internet voting will depend upon your bank's, broker's, or other holder of record's voting process.

If you come to the Annual Meeting, you can, of course, vote in person. If you are a street name holder and wish to vote at the meeting, you must first obtain a proxy from your bank, broker or other holder of record authorizing you to vote.

Q: How many votes must be represented to hold the Annual Meeting?

A: In order to carry on the business of the Annual Meeting, a quorum must be present. This means at least a majority of the outstanding shares eligible to vote must be represented at the Annual Meeting, either by proxy or in person. If you submit your proxy instructions or if you attend the Annual Meeting in person, your shares will be counted for the purpose of determining a quorum, even if you abstain from voting on some or all matters introduced at the Annual Meeting.

Q: How many votes will be required to elect the directors, to amend the 2007 Long-Term Incentive Plan and to ratify the independent registered public accounting firm?

A: A plurality of the shares voting is required to elect the directors. This means that the nominees who receive the most votes will be elected. In counting votes on the election of directors, only votes “for” or “withheld” affect the outcome.

Amendment of the 2007 LTIP and ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009 will each require the affirmative vote of a majority of the shares present or represented at the Annual Meeting and entitled to vote.

Q: Could other matters be decided at the Annual Meeting?

A: We are not aware of any matters to be presented other than those described in this Proxy Statement. However, if any other matters properly arise at the Annual Meeting, the proxy holders designated on the proxy card will vote your proxy as recommended by the Board.

Q: What happens if I withhold my vote or I vote to abstain?

A: In the election of directors, you can vote for the eight directors standing for election or you can indicate that you are withholding your vote for any or all of the nominees. An abstention will have no effect on the outcome of the proposal to elect directors.

Regarding the proposals to amend the 2007 LTIP and to ratify the appointment of Ernst &Young LLP as our independent registered public accounting firm for fiscal year 2009, you may vote for or against each proposal or you may abstain from voting. An abstention will have the same effect as a vote against the proposal.

Q: What if I do not indicate my vote for one or more of the matters on my proxy card?

A: If you execute and return your proxy but do not give voting instructions, your shares will be voted as recommended by the Board. This means that unless your proxy is otherwise marked, properly executed proxies will be voted in favor of the election of each of the director nominees, amendment of the 2007 LTIP and the ratification of the independent registered public accounting firm for fiscal year 2009.

Q: What happens if I do not vote my proxy?

A: If you are a holder of record and do not vote shares held in your name, those shares will not be voted.

If you are a street name holder and do not provide voting instructions to your broker, your shares may be voted on any matter your broker has discretionary authority to vote. Brokers generally have discretionary authority to vote on “routine” matters, but not on “non-routine” matters. Generally, the election of directors and ratification of the appointment of the independent registered public accounting firm are considered routine matters. An amendment to an equity compensation plan increasing the maximum number of shares authorized for issuance under the plan is considered a “non-routine matter”. On any matter for which your broker does not vote on your behalf, the shares will be treated as “broker non-votes”.

Q: What are broker non-votes and what effect do they have on the proposals?

A: Generally, broker non-votes occur when shares held by a broker in “street name” for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote the shares on the proposal. Broker non-votes will be treated as not present and not cast for purposes of determining a quorum and with respect to all matters brought before the Annual Meeting. Accordingly, broker non-votes will have no effect on the election of directors, amendment of the 2007 LTIP or the ratification of the independent registered accounting firm for fiscal year 2009.

Q: Can I change or revoke my vote?

A: Yes. To change or revoke your vote at any time before the shares are voted at the Annual Meeting, you must either:

a) mail (i) a new proxy card with a later date or (ii) a written revocation addressed to:

Pool Corporation
Jennifer M. Neil, Corporate Secretary
109 Northpark Boulevard
Covington, LA 70433-5001

or

b) attend the Annual Meeting and vote in person.

Q: Who will pay the expenses incurred in connection with the solicitation of my vote?

A: We pay the cost of preparing proxy materials and soliciting your vote. We will, upon request, reimburse brokers and other nominees for the cost of mailing materials to beneficial owners. Some of our employees, who will receive no additional compensation, may solicit proxies by telephone, facsimile or electronic mail. We also pay all Annual Meeting expenses.

Q: What happens if the Annual Meeting is postponed or adjourned?

A: Unless a new record date is fixed, your proxy will still be good and may be voted at the postponed or adjourned Annual Meeting. You will still be able to change or revoke your proxy at any time until it is voted.

Q: How can stockholders present proposals for inclusion in our proxy materials relating to our 2010 annual meeting?

A: In order to be considered for inclusion in the proxy materials related to our 2010 annual meeting of stockholders, we must receive stockholders proposals no later than November 27, 2009. If such proposal is timely received, is in compliance with all of the requirements of Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act), and complies with our Bylaws, it will be included in the proxy statement and set forth on the form of proxy issued for such annual meeting of stockholders.

Our Bylaws are filed with the SEC, and stockholders should refer to the Bylaws for a complete description of the requirements. Any stockholders who wish to nominate a director or present a proposal before the 2010 annual meeting must notify the Secretary of the Company no earlier than June 30, 2009, and no later than November 27, 2009.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 5, 2009. The Company's Proxy Statement and Annual Report to Stockholders for the fiscal year ended December 31, 2008 are available at http://www.poolcorp.com/investors.

ELECTION OF DIRECTORS
(Proposal 1)

General

Our Bylaws, as amended, provide that the size of our Board shall be fixed from time to time by resolution of the Board and vacancies on the Board may be filled by a majority of the directors then in office.

At the Annual Meeting, eight directors will be elected to serve a one-year term. Each of the nominees has indicated his intention to serve if elected. Should any of the director nominees be unable to take office at the Annual Meeting, your shares will be voted in favor of another person or other persons nominated by the Board. Each director will hold office until his successor has been elected and qualified or until the director's earlier resignation or removal.

Information about Our Directors

The following information sets forth, as of February 13, 2009, certain information about our directors, all of whom have been nominated for re-election to our Board. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the past five years.

Name and age	
Wilson B. Sexton (72)	§ Chairman and director since 1993 § Our Chief Executive Officer from 1999 to 2001 § Director of Beacon Roofing Supply, Inc. and Houston Wire and Cable Company
Andrew W. Code (50)	§ Director since 1993 § Partner of Code, Hennessy & Simmons, LLC, a Chicago-based private equity firm § Director of The Hillman Companies, Inc.
James J. Gaffney (68)	§ Director since 1998 § Chairman of Imperial Sugar Company, and director of Beacon Roofing Supply, Inc., and Armstrong World Industries § From 1997 to 2003, vice chairman of Viking Pacific Holdings, Ltd., chairman of Vermont Investments, Ltd. and provided consulting services to GS Partners II, L.P. and other affiliated investment funds
George T. Haymaker, Jr. (71)	§ Director since 2004 § Director of Hayes Lemmerz International, Inc. § From 2000 to 2007, non-executive chairman of Safelite Group, Inc., and from 2001 to 2006, chairman of Kaiser Aluminum Corporation
Manuel J. Perez de la Mesa (51)	§ Director since 2001 § Our Chief Executive Officer since 2001 § Our President since 1999 § Our Chief Operating Officer from 1999 to 2001 § Director of American Reprographics Company

Name and age

Harlan F. Seymour (59)	§ Director since 2003 § Chairman of ACI Worldwide, Inc. (ACI) § From 2001 to 2007, conducted personal investments and business advisory services through HFS LLC
Robert C. Sledd (56)	§ Director since 1996 § Chairman of Performance Food Group Company (PFG), a foodservice distribution company, from 1995 to 2008 and director from 1987 to 2008 § Chief Executive Officer of PFG from 1987 to 2001 and from 2004 to 2006 § Director of Owens and Minor Inc.
John E. Stokely (56)	§ Director since 2000 § Our Lead Independent Director § Director of Imperial Sugar Company and ACI § From 1996 to 1999, President, Chief Executive Officer and Chairman of Richfood Holdings, Inc.

The Board of Directors unanimously recommends that the stockholders vote FOR the election of the nominees.

Information about Our Executive Officers

The following table presents, as of February 13, 2009, certain information about our 2008 executive officers (other than Mr. Perez de la Mesa who appears in the preceding table). We expect that each of these officers will remain in his or her current position following the Annual Meeting.

Name and age	Positions and recent business experience
A. David Cook (53)	Group Vice President § Group Vice President since 2007 § Vice President from 1997 to 2007 § Director of National Sales Development of our principal operating subsidiary from 1993 to 1997
Mark W. Joslin (49)	Vice President, Chief Financial Officer § Vice President, Chief Financial Officer since 200 § Vice President of Corporate Development of Eastman Chemical Company (Eastman) from 2002 to 2004 § Vice President and Controller of Eastman from 1999 to 2002
Stephen C. Nelson (62)	Vice President § Vice President since 2002 § General Manager from 1998 to 2006
Kenneth G. St. Romain (46)	Group Vice President § Group Vice President since 2007 § General Manager from 2001 to 2007 § Regional Manager from 1987 to 2001
Jennifer M. Neil (35)	General Counsel, Secretary § General Counsel since 2003 § Secretary since 2005
Melanie M. Housey (36)	Corporate Controller, Principal Accounting Officer § Corporate Controller since 2007 § Principal Accounting Officer since 2008 § Ernst & Young LLP, Manager from 1999 to 2002 and Senior Manager from 2002 to 2006

Other Information about the Board of Directors

Director Attendance at Meetings

Our Board held nine meetings in the 2008 fiscal year. As stated in our Corporate Governance Guidelines, we expect directors to attend all Board meetings and meetings of the Board committees on which they serve. In the 2008 fiscal year, each of our directors attended 75% or more of both the total number of Board meetings and the meetings of the Board committees on which he served. We encourage each member of our Board to attend the Annual Meeting. All of our directors attended the 2008 Annual Meeting.

Director Independence

To be considered independent under the NASDAQ Marketplace Rules, directors must be free from any relationship with management or the Company, which, in the opinion of the Board, would interfere with the exercise of independent judgment. The Board has determined that each member of the Board, other than Mr. Perez de la Mesa and Mr. Sexton, meets the definition of an independent director as defined by Rule 4200(a)(15) of the NASDAQ Marketplace Rules. The Board's independent directors regularly meet in executive session (without management present) at each Board and committee meeting.

Lead Independent Director

The Lead Independent Director is elected by the Board. The responsibilities of this position include the following:

(i) preside at any meetings of the Board's independent directors;

(ii) assign tasks to the Board's committees; and

(iii) perform such other functions as the Board may direct, including recommending agenda items for Board meetings.

Mr. John E. Stokely currently serves as the Board's Lead Independent Director.

Access to Management and Employees

Directors have full and unrestricted access to our management and employees. Additionally, key members of management attend Board meetings from time to time to present information about the results, plans and operations within their areas of responsibility.

Communications with the Board

Stockholders and other interested parties may communicate with the members of our Board by mail addressed to the full Board, a specific member of the Board or to a particular committee of the Board at 109 Northpark Boulevard, Covington, Louisiana 70433. Communications are distributed to the Board, or to a specific member of the Board, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items that are unrelated to the duties and responsibilities of the Board be excluded, such as junk mail, mass mailings, resumes and other forms of job inquiries and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable may be excluded.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our employees, officers (including our principal executive officer, principal financial officer and principal accounting officer) and directors. Our Code of Business Conduct and Ethics is posted on our website at www.poolcorp.com and can also be obtained free of charge by sending a request to our Corporate Secretary at 109 Northpark Boulevard, Covington, Louisiana 70433. Pursuant to Regulation S-K of the Securities Act, we intend to satisfy the disclosure requirement regarding an amendment to, or a waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website.

Board Committees

Board committees work on key issues in greater detail than would be possible at full Board meetings. The Board has appointed four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Strategic Planning Committee. These Board committees consist entirely of independent directors and operate under written charters, which set forth the committees' authorities and responsibilities. Written charters are posted on our website at www.poolcorp.com.

The following table shows the membership of each of our Board committees and the number of meetings each committee held during the 2008 fiscal year.

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Strategic Planning Committee
Andrew W. Code		√		
James J. Gaffney	√		Chair	
George T. Haymaker		Chair		
Harlan F. Seymour	√		√	√
Robert C. Sledd	√	√		
John E. Stokely	Chair		√	
2008 meetings	9	4	2	4

A brief description of our Board committees and certain of their principal functions are outlined in the following sections. These descriptions are qualified in their entirety by the full text of the Board committee charters.

Audit Committee

The Audit Committee assists the Board in monitoring:

§ management's process for ensuring the integrity of our financial statements;

§ the independent registered public accounting firm's qualifications and independence;

§ the performance of our internal audit function and independent registered public accounting firm; and

§ management's process for ensuring our compliance with legal and regulatory requirements.

The Board has determined that each Audit Committee member meets the requirements for independence, experience and expertise, including financial literacy, as set forth in the applicable SEC and NASDAQ rules. The Board has further determined that Mr. Stokely, Mr. Gaffney and Mr. Sledd are "financial experts" as defined in the SEC rules.

Compensation Committee

The Compensation Committee makes recommendations to the Board regarding the compensation of our officers and our compensation policies and practices. From time to time, the Compensation Committee engages an outside compensation consultant to provide an independent analysis of our executive and director compensation programs. The Compensation Committee retained Lyons, Benenson & Company, Inc. (Lyons) to review and advise on the composition of our 2008 peer group and our senior management compensation structure. Lyons does not provide us with any other consulting services. For more information regarding the processes used by the Compensation Committee to determine executive compensation, see the section titled "Compensation Discussion and Analysis" below.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's primary purpose is to provide oversight on a broad range of issues surrounding the composition of the Board, including:

§ identifying individuals qualified to become Board members;

§ recommending to the Board director nominees for the next annual meeting of stockholders;

§ assisting the Board in committee member selection;

§ evaluating the overall effectiveness of the Board and committees of the Board; and

§ reviewing and considering corporate governance practices.

The Nominating and Corporate Governance Committee has the authority to recommend to the Board candidates for Board membership. Stockholders may also make recommendations for director nominations by sending a letter to the Nominating and Corporate Governance Committee in care of our Corporate Secretary at 109 Northpark Boulevard, Covington, Louisiana 70433. Stockholders making nominations must also comply with the notice procedures set forth in our Bylaws, as amended.

When identifying, evaluating and considering potential candidates for membership on our Board, including those recommended or nominated by stockholders, the Nominating and Corporate Governance Committee considers such things as the following:

§ relevant educational, business and industry experience;

§ demonstrated character and judgment;

§ whether the nominee is independent for NASDAQ purposes; and

§ for incumbent directors whose terms are set to expire, the director's overall service to us during his term, including the number of meetings attended, level of participation and quality of performance.

Strategic Planning Committee

The Strategic Planning Committee assists senior management in the analysis and preparation of our strategic plan, and then reports and makes recommendations regarding our strategic plan to the Board. Our strategic planning process involves defining the Company's strategy and making decisions on allocating resources, including capital and people, to pursue this strategy. Our strategic plan incorporates specific goals for growth and business development over the next three to five years, which we update and review with the Board periodically.

Compensation Committee Interlocks and Insider Participation

During the last fiscal year, George T. Haymaker, Jr., Andrew W. Code and Robert C. Sledd served on the Compensation Committee and none of them served at any time as officers or employees of the Company or any of its subsidiaries. None of our executive officers served in the last fiscal year as a member of the board of directors or compensation committee of another entity, one of whose executive officers served as a member of our Board or

Compensation Committee.

PRINCIPAL STOCKHOLDERS

In accordance with Rule 13d-3 under the Exchange Act, the table below sets forth, as of February 17, 2009, certain information regarding beneficial ownership of Common Stock by (i) each of the executive officers listed in the Summary Compensation Table included in "Executive Compensation" (Named Executive Officers), (ii) each of our directors, (iii) all of our directors and executive officers as a group and (iv) each stockholder known by us to be the beneficial owner of more than 5% of our outstanding Common Stock. Based on information furnished to us by such stockholders, unless otherwise indicated, all shares indicated as beneficially owned are held with sole voting and investment power.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Common Stock
Wilson B. Sexton	812,573(1)	2%
Andrew W. Code	182,983(2)	*
James J. Gaffney	88,344(3)	*
George T. Haymaker, Jr.	38,594(4)	*
Manuel J. Perez de la Mesa	1,372,905(5)	3%
Robert C. Sledd	246,322(6)	*
John E. Stokely	103,233(7)	*
Harlan F. Seymour	52,045(8)	*
A. David Cook	245,571(9)	*
Mark W. Joslin	18,539	*
Stephen C. Nelson	107,227(10)	*
Kenneth G. St. Romain	156,127(11)	*
Baillie Gifford & Co.	6,663,423(12)	14%
Barclays Global Investors, NA	3,107,476(13)	7%
Columbia Wanger Asset Management, L.P.	3,854,000(14)	8%
T. Rowe Price Associates, Inc.	3,046,079(15)	7%
TimesSquare Capital Management, LLC	3,671,645(16)	8%
Wellington Management Company, LLP	3,402,964(17)	7%
All executive officers and directors as a group (14 persons)	3,428,844(18)	7%

* Less than one percent.

1. Includes (i) 102,750 shares that may be acquired upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009 all of which are held by a trust for which Mr. Sexton serves as trustee for the benefit of his children; (ii) 35,000 shares held directly by a charitable foundation over which Mr. Sexton has voting and investment power with respect to such shares; and (iii) 673,402 shares held by a trust for which Mr. Sexton serves as trustee for the benefit of his children. Also includes 309,414 shares that are pledged as security.

2. Includes (i) 14,167 shares that Mr. Code has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009; (ii) 62,231 shares held directly by a charitable foundation of which Mr. Code is a director, president and the sole member (although neither Mr. Code nor any members of his immediate family have a pecuniary interest in such shares); (iii) 3,415 shares held by Mr. Code's son; and (iv) 3,170 shares held by CHS Management Limited Partnership, of which Mr.

Code is a partner.

3. Includes 38,875 shares that Mr. Gaffney has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009.

4. Includes 29,750 shares that Mr. Haymaker has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009.

5. Includes 821,250 shares that Mr. Perez de la Mesa has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009. Also includes 14,030 shares beneficially owned by Mr. Perez de la Mesa's wife and children and 501,619 shares held by an irrevocable trust for which Mr. Perez de la Mesa is the beneficiary and has voting power.

6. Includes 133,661 shares that Mr. Sledd has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009. Also includes 112,661 shares that are pledged as security.

7. Includes 96,688 shares that Mr. Stokely has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009.

8. Includes 48,875 shares that Mr. Seymour has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009.

9. Includes 141,000 shares that Mr. Cook has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009. Also includes 76,177 shares that are pledged as security and 1,701 shares beneficially owned by Mr. Cook's wife.

10. Includes (i) 86,531 shares that Mr. Nelson has the right to acquire upon exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009; (ii) 500 shares held by Mr. Nelson's daughter; (iii) 84 shares held by Mr. Nelson's grandson; (iv) 500 shares which are held by a family trust over which Mr. Nelson serves as co-trustee; and (v) 9,437 shares held by a family trust, over which Mr. Nelson serves as a co-trustee and of which his wife is a beneficiary.

11. Includes 84,282 shares that Mr. St. Romain has the right to acquire upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009.

12. Based upon such holder's Schedule 13G/A filed with the SEC on January 21, 2009. As investment advisor, Baillie Gifford & Co., (Baillie) has sole voting power over 4,939,587 of the shares and sole dispositive power with respect to all shares. The shares reported herein are held by Baillie and/or one or more of its investment adviser subsidiaries, which may include Baillie Gifford Overseas Limited, on behalf of investment advisory clients, which may include investment companies registered under the Investment Company Act, employee benefit plans, pension funds or other institutional clients. The business address of Baillie is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK.

13. Based upon such holder's Schedule 13G filed with the SEC on February 5, 2009. Barclays Global Investors, NA has sole voting power over 922,424 of the shares and sole dispositive power with respect to 1,088,494 shares; Barclays Global Fund Advisors, has sole voting power with respect to 1,441,309 of the shares and sole dispositive power with respect to 1,987,000 shares; and Barclays Global Investors, Ltd has sole voting power over 1,305 of the shares and sole dispositive power with respect to 31,982 shares. The business address of Barclays Global Investors, NA and Barclays Global Fund Advisors is 400 Howard Street, San Francisco, California 94105 and the business address of Barclays Global Investors, Ltd is Murray House, 1 Royal Mint Court, London, EC3N 4HH.

14. Based upon such holder's Schedule 13G/A filed with the SEC on February 9, 2009. As investment advisor, Columbia Wanger Asset Management, L.P. (Columbia) has sole voting power over 3,654,000 shares and sole dispositive power with respect to all shares. The shares reported herein include the shares held by Columbia Acorn Trust (CAT), a Massachusetts business trust that is advised by Columbia. CAT holds 6.51% of our outstanding Common Stock. The business address of Columbia is 227 West Monroe Street, Suite 3000, Chicago,

Illinois 60606.

15. Based upon such holder's Schedule 13G/A filed with the SEC on February 12, 2009. These securities are owned by various individual and institutional investors, for which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. Price Associates has sole voting power over 1,042,857 of the shares and sole dispositive power with respect to all shares. For purposes of the reporting requirements of the Exchange Act, Price Associates is considered to be the beneficial owner of these securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The business address of Price Associates is 100 East Pratt Street, Baltimore, Maryland 21202.

16. Based upon such holder's Schedule 13G/A filed with the SEC on February 9, 2009. All of the shares reported are owned by investment advisory clients of TimesSquare Capital Management, LLC (TimesSquare) and such clients have the right to receive dividends from and proceeds from the sale of such shares. To TimesSquare's knowledge, the interest of no one of the clients relates to more than 5% of the class. In its role as investment adviser, TimesSquare has sole voting power over 2,925,417 shares and dispositive power with respect to all shares. The business address of TimesSquare is Four Times Square, 25th Floor, New York, New York 10036.

17. Based upon such holder's Schedule 13G filed with the SEC on February 17, 2009. Wellington Management Company, LLP (Wellington) has shared voting power over 2,916,415 and shared dispositive power with respect to all shares. Wellington, in its capacity as investment adviser, may be deemed to beneficially own all shares, which are held of record by clients of Wellington. The business address of Wellington is 75 State Street, Boston, Massachusetts 02109.

18. Includes 1,600,079 shares that such persons have the right to receive upon the exercise of presently exercisable options or the exercise of options which will become exercisable on or before April 18, 2009. Also includes 1,184,958 shares held in family trusts, 97,231 shares held in charitable foundations and 19,730 shares held by family members of such persons.

COMPENSATION DISCUSSION AND ANALYSIS

Our Compensation Committee (the Committee) is comprised solely of independent directors within the meaning of applicable Securities and Exchange Commission and NASDAQ Marketplace Rules. The Committee's responsibilities and duties are outlined in detail in our Compensation Committee charter, which is available on our website at www.poolcorp.com. Pursuant to the charter, the Committee is responsible for oversight of our executive compensation and makes recommendations to the entire Board with respect to director compensation, incentive-compensation plans for senior management and equity-based plans for all employees. The Committee has full and final authority in connection with the administration of our stock plans and in its sole discretion, may grant options and make awards of shares under such plans.

The Committee has three regularly scheduled meetings each year and meets at other times as necessary. At its Winter meeting, typically held in February, the Committee's agenda generally includes review and discussion of the following:

§ compensation, benefits, performance and corporate goals and objectives of executive officers and senior managers;
§ our Compensation Discussion and Analysis;
§ the Committee's Compensation Report;
§ the Committee's composition, independence and self-evaluation results;
§ non-employee director compensation;
§ our incentive compensation plans and equity-based plans;
§ equity grants;
§ new compensation related rules and pronouncements; and
§ other items and organizational duties that may arise.

At its Summer meeting, typically held in August, the Committee's agenda generally includes review and discussion of the following:

§ organizational planning and development of senior management, including succession planning;
§ equity grants, if any; and
§ other items and organizational duties that may arise.

At its Fall meeting, typically held in October or November, the Committee's agenda generally includes review and discussion of the following:

§ the Committee's Charter;
§ equity grants, if any;
§ an initial draft of our Compensation Discussion and Analysis;
§ new compensation related rules and pronouncements;
§ the Committee's self-evaluation process; and
§ other items and organizational duties that may arise.

The Committee has the authority to engage the services of outside advisers, experts and others to aid it. Specifically, the Committee may periodically retain compensation consultants to review the overall structure and design of our compensation programs and their suitability in meeting our compensation objectives. In addition, when changes to specific compensation programs are considered, the Committee may use an outside consultant to review the design and suitability of that specific program.

Historically, the Committee has engaged Lyons, Benenson & Company, Inc. (Lyons) to review and comment upon director and senior management compensation. In 2007, the Committee retained Lyons to examine our director compensation program. Lyons reported directly to the Committee Chairman and was advised by the Committee to compare our director compensation program against our peer group as well as the broader market for directors at companies similar in size. The Committee then requested that Lyons provide advice on the competitiveness of our director compensation program and recommend any changes. Based on Lyons' recommendations, the Committee recommended to our Board that our director compensation program be revised and in May 2007, the program was revised. See "Director Compensation" below. Lyons further reviewed and provided advice on the composition of our 2008 peer group and our senior management compensation structure, which the Committee relied upon in setting our 2008 executive compensation. Lyons' analysis, which was presented to the Committee Chairman for the Committee's consideration, included review of publicly available proxy data for the peer group as well as its proprietary survey data.

Additionally, with regard to executive compensation, the Committee relies upon data, analysis and recommendations from our CEO. The CEO assists the Committee with developing the peer group analysis and provides recommendations with respect to potential senior management compensation. The Committee reviews such recommendations, but ultimately uses its collective judgment to determine senior management compensation. The CEO does not provide recommendations for his own compensation as the Committee independently determines and approves his compensation. Although the CEO attends Committee meetings at which executive compensation matters are considered, he is not present when the Committee deliberates or votes on his compensation.

Compensation Philosophy

Our senior management compensation philosophy is that total compensation should be targeted to be "at market" overall, should vary with our performance in achieving financial and non-financial objectives, should be tied to individual and group performance and that any long-term incentive compensation should be closely aligned with shareholders' interests. We believe that at-risk compensation should rise as an employee's responsibility increases. Our strategic compensation design priorities emphasize our philosophy and are as follows:

§ pay-for-performance;
§ cost management;
§ alignment with shareholders' interests;
§ internal equity among employees;
§ employee retention; and
§ continued focus on effective corporate governance.

The Committee determines "market" compensation through a process that includes a review of our executive compensation programs and practices and an analysis of all executive compensation elements. The Committee compares these compensation components individually and in the aggregate to the compensation of the top five most highly compensated executive officers of companies it uses as its senior management "peer group" (the peer group is sometimes referred to as the "market") as published in their proxy statements. The peer group consists of a cross-industry subset of National Association of Wholesale Distributors, all of which are publicly traded companies considered to be in a size range (based on revenue, market capitalization and EBITDA) that individually and in the aggregate are comparable to us. The Committee reviews the total annual compensation opportunity that each executive could potentially receive and, for perspective, reviews previous years' compensation value for executives and the relationship to other employees at the Company.

Our 2008 peer group consisted of the following:

A.M. Castle & Co.	Central Garden and Pet Company
Applied Industrial Technologies, Inc.	Interline Brands, Inc.
Barnes Group Inc.	MSC Industrial Direct Company Inc.
Beacon Roofing Supply, Inc.	PSS World Medical, Inc.
Builders FirstSource, Inc.	Watsco, Inc.
Building Materials Holding Corporation	

Based upon the Committee's review of the market data, the Committee believes that individually and as a group, 2008 senior management compensation was below market levels, due primarily to low base salaries coupled with weak market conditions and performance metrics for our incentive plans, which were aggressive in light of those conditions.

In 2008, the Committee implemented a new Strategic Plan Incentive Program (SPIP), replacing the program which had previously been in place. The objective of the SPIP is to add an intermediate term cash incentive opportunity, which would increase the total cash compensation opportunity to levels competitive with and potentially higher than our peer group. The SPIP is designed to pay out initially at the beginning of 2010 based on compound annual increase in diluted EPS relative to the base year diluted EPS for 2007. Subsequently, the SPIP will pay out after every three year performance period based on improvement over the base year three years prior.

Although the results of the initial SPIP performance periods cannot be evaluated until the Company's final results for 2010 and 2011 are known, current market weakness and pervasive poor financial market conditions have continued into 2009 and do not provide a likely scenario for significant payouts under this program in at least the initial performance period.

Consequently, the negative impact of the current challenging market conditions and our aggressive performance metrics have resulted in our delivered cash compensation for executive officers being below market in 2008, as was the case in 2007 and prior years. Based on the risk that this trend will continue in 2009 and the impact our declining stock price has had on the value of our stock option grants in recent years, the Committee reevaluated risks associated with attracting, retaining and motivating senior management.

While these risks are and should be of concern, the Committee believes that the fundamental philosophy of emphasizing pay for performance is the right one for Pool Corporation, and that our programs as currently designed and modified (Base Salary, Annual Bonus Plan, SPIP and Equity Grants) can provide competitive or superior total compensation for senior management compared to our peer group given a reasonable economic environment.

Objectives

Our compensation objective is to link compensation to continuous improvements in corporate performance and increases in shareholder value. This objective applies to all employees, with a more significant level of at-risk compensation as an employee’s responsibility increases. Our executive compensation program goals are as follows:

§ set pay levels that are necessary to attract, retain and motivate highly qualified executives considering the overall market competitiveness for executive talent while balancing the relationship between total shareholder return and direct compensation;

§ align executive pay with shareholders’ interests;

§ recognize superior individual and group performance;

§ balance short-term and long-term compensation to complement our annual and long-term business objectives and strategies and encourage the fulfillment of our objectives and strategies through executive performance; and

§ encourage equity participation by executives.

Implications

To achieve our objectives, we use a variety of equity and non-equity and short-term and long-term compensation components. In determining the proper mix among these components, we try to balance our short-term objectives with our long-term strategic growth objectives while enabling us to recruit and retain talent and create long-term value for both executives and shareholders.

Compensation Components

The Committee determines each compensation component’s weight, considering the peer group at a total delivered compensation, total cash compensation and the amount “at-risk” and “fixed”.

The primary components of annual pay to our executive officers are as follows:

§ base salary;

§ annual cash incentive (bonus);

§ long-term equity incentive (stock options or restricted shares);

§ long-term non-equity incentive (SPIP); and

§ benefits.

As discussed in "Compensation Philosophy" above, we believe that employees at senior levels should have a larger proportion of total compensation delivered through pay-for-performance cash incentives and long-term equity compensation; as a result, their compensation will be more significantly correlated, both upward and downward, to our financial and stock price performance. Because of this correlation, the Committee believes its executives have more "compensation risk" than its peer group's executives. Each compensation component is discussed in more detail below. Also, see the narrative description preceding the Summary Compensation Table and the footnotes to the Summary Compensation Table for additional discussion of cash compensation.

Base Salary
(Summary Compensation Table, Column 3)

Salaries provide executives with a base level of income and help achieve the objectives outlined above by attracting and retaining strong talent. We target total executive compensation and total cash compensation at the peer group's median compensation. However, our base salary is more conservative and thus, consistent with our overall philosophy of at-risk or pay-for-performance. We compare executive base salary with other employees' compensation for internal pay equity purposes. In determining an executive's base salary, the Committee reviews Company and individual performance information and peer group executive compensation information derived from compensation surveys. Since we do not have a similar position, we adjusted our peer group's median compensation to exclude chief operating officer positions. We also adjusted our peer group's median compensation to exclude bonus payments guaranteed under employment agreements. Due to the global financial and credit crisis and the resulting unprecedented challenges it has presented to our industry, the Committee has frozen salaries at 2008 levels for executive officers until business conditions improve.

With the exception of Mr. Perez de la Mesa and Mr. Cook, our Named Executive Officers' 2008 base salaries are within 10% of each other. Mr. Perez de la Mesa, as our Chief Executive Officer, received additional base salary as compared to our other Named Executive Officers in recognition of his substantially greater responsibilities. Mr. Perez de la Mesa's duties and responsibilities encompass all aspects of our management and operations and are greater in scope and collectively more significant in nature than those of any other Named Executive Officer. Mr. Cook received greater base salary as compared to the other remaining Named Executive Officers due to his experience and tenure with the Company and the pool industry and the breadth of his responsibilities.

Annual Cash Incentive
(Summary Compensation Table, Column 4)
(Grants of Plan-Based Awards, Columns 3-4)

We use an annual cash incentive (annual bonus) to focus corporate behavior on short-term goals for growth, financial performance and other specific financial and business improvement metrics. Based on the target bonus concept, we offer executives the opportunity to earn goal-oriented awards that are responsive to changing internal and external business conditions from year to year. Each year, objectives are set for the Company, our business units and individual executives against which actual performance is later measured. At the year's first Committee meeting, which is generally held in February, the Committee approves annual bonus payments for the prior year's performance and reviews and approves goals for each Named Executive Officer for the current year. Annual bonus payments, if any, are normally made in February after the end of the performance period in which the bonuses were earned. In 2008, the annual bonus calculation for Mr. Perez de la Mesa and the other Named Executive Officers contained the following two objective performance criteria categories:

§ specific Company financial measures; and
§ certain business objectives.

The table below details various compensation opportunities available to each of our Named Executive Officers under various performance scenarios. The extent to which objectives are achieved determines the incentive earned. In 2008, the potential annual bonus for our Named Executive Officers was limited to 120% of base salary.

Annual Cash Incentive (Expressed as a percentage of base salary)

	Diluted Earning per Share (1)						Operational Cash Flow (2)		Other Specific Business	Maximum
	$1.30	$1.38	$1.46	$1.53	$1.62	$1.70	$65M	$85M	Objectives(3)	Opportunity
Mr. Perez de la Mesa	15%	30%	45%	60%	70%	80%	0%	10%	30%	120%
Mr. Joslin	12.5	25	37.5	50	60	70	N/A	N/A	50	120
Mr. Cook	12.5	25	37.5	50	60	70	N/A	N/A	50	120
Mr. Nelson	12.5	25	37.5	50	60	70	N/A	N/A	50	120
Mr. St. Romain	10	20	30	40	50	60	N/A	N/A	60	120

1. Based on our diluted earnings per share for the year ended December 31, 2008, with pro-forma adjustments deemed appropriate by the Committee.

2. Based on our net cash provided by operating activities for the year ended December 31, 2008, with pro-forma adjustments deemed appropriate by the Committee.

3. Each executive's respective business objectives reflect operational improvements related to their specific responsibilities. Certain subjective business objectives, such as organization planning and development, are also subject to the diluted earnings per share overlay set forth in the table above.

Mr. Perez de la Mesa's business objectives relate to the following:
§ return on total assets (10%);
§ organization planning and development (10%); and
§ strategic plan development (10%).

Mr. Joslin's business objectives relate to the following:
§ treasury and investor relations (5%);
§ credit and collections (10%);
§ financial, audit and tax management (5%);
§ human resources (5%);
§ mortgage brokerage performance (10%); and
§ expense management (15%).

Mr. Cook's business objectives relate to the following:
§ gross margin, division profitability and budget objectives (35%);
§ strategic sourcing and complementary products objectives (10%); and
§ organization planning and development (5%).

Mr. Nelson's business objectives relate to the following:
§ gross margin and gross profit objectives (17.5%);
§ inventory related objectives (15%);
§ leasing and facilities management (2.5%);
§ information technology (5%);
§ central shipping location related objectives (5%); and
§ strategic plan coordination (5%).

Mr. St. Romain's business objectives relate to the following:
§ group operating profit and return on assets (45%);
§ gross margin objectives (10%); and
§ organization planning and development (5%).

Each of the above executive officer's respective business objectives reflect our focus on continued growth and improvement in execution over our past performance. In each case, the objectives represent stretch goals that each executive may or may not be able to achieve.

In setting annual cash incentive measures, significant weight is given to our overall performance as measured by diluted earnings per share. We believe that diluted earnings per share is the best annual bonus measure because it is the best short-term shareholder value indicator, it is performance-based and it is an effective annual measurement. We also set individual measures that give the greatest impact and correlation to overall performance based on the respective executive's duties, as each executive's role and responsibility toward achieving our performance and increased value differs.

The Committee may allow discretionary adjustments based on an individual executive's exceptional performance in one or more categories; but total payouts cannot exceed the overall cap. In 2008, we did not attain the diluted earnings per share target. However, the operational cash flow target and certain specific business objectives for each Named Executive Officer were achieved. The Committee applied its discretion and awarded our executive officers approximately 5% to 15% of base salary above the calculated bonus levels for the 2008 annual bonus plan. In exercising its discretion, the Committee took into account our relative performance in an extremely difficult market and each executive's individual contribution to that performance. The Committee believes this discretionary aspect enables a more comprehensive performance review without relying solely on a formula based approach.

Long-Term Non-Equity Incentive
(Summary Compensation Table, Column 4)
(Grants of Plan-Based Awards, Columns 3-4)

In 2008, the Committee adopted the SPIP to provide senior management with an additional incentive to be earned upon the achievement of specified earnings objectives related to the strategic plan for our growth. The SPIP is a cash-based, pay-for-performance incentive program that effectively links our long-term financial performance with the total cash compensation paid to senior management. The SPIP serves to complement our annual incentive program and the longer-term value creation incentive provided by stock option or restricted stock awards. Under the terms of the SPIP our Named Executive Officers are eligible to earn an incentive in an amount equal to up to 200% of their base salary based on our diluted earnings per share (“EPS”) growth over a multiple year period. The incentive, if earned, will first be paid in 2010 based on our two year EPS growth from 2007 to 2009. For 2011 and thereafter, the incentive shall be based on our three year EPS growth. Thus, for 2011, the incentive shall be based on our EPS growth from 2007 to 2010 and for 2012, the incentive shall be based on our EPS growth from 2008 to 2011.

In order for an incentive to be earned for the initial performance period which began January 1, 2008 and ends December 31, 2009, we must realize EPS growth at a compounded annual growth rate ("CAGR") of at least 10% from 2007 to 2009. A CAGR of EPS over 10% to 20% of the baseline of $1.37 will result in a pro rata increase in the incentive based on the following criteria: (1) 10% EPS growth rate will result in an incentive to a Named Executive Officer equal to 50% of his base salary; 15% EPS growth rate will result in an incentive to a Named Executive Officer equal to 100% of his base salary; and a 20% EPS growth rate will result in an incentive to a Named Executive Officer equal to 200% of his base salary.

The following tables present the incentive award, expressed as a percentage of a Named Executive Officer's salary, to be earned in the initial performance period assuming baseline EPS of $1.37:

CAGR	Ending EPS	Salary %
10%	1.66	50%
11%	1.69	60%
12%	1.72	70%
13%	1.75	80%
14%	1.78	90%
15%	1.81	100%

CAGR	Ending EPS	Salary %
16%	1.84	120%
17%	1.88	140%
18%	1.91	160%
19%	1.94	180%
20%	1.97	200%

As discussed above, we target our total compensation "at market" as compared to our peer group. While we have not established specific target percentages of total compensation that will consist of short-term and long-term compensation, we do take into consideration the individual components in relation to the total opportunity we seek to provide. We balance short-term and long-term compensation so that superior performance will result in additional annual compensation through our Annual Cash Incentive and additional long-term compensation consisting of the increased value of our equity grants and up to an additional 200% of salary through our SPIP. Our goal is for the portion of compensation that is at risk (both long-term and short-term) to constitute a substantial and meaningful portion of total compensation and for sustained long-term growth to result in the greatest compensation opportunities. As stated above, while the results of the initial SPIP performance periods cannot be evaluated until the Company's final results for 2010 and 2011 are known, current market conditions suggest that it is unlikely that significant payouts will be realized under the SPIP in the initial performance period.

Long-Term Equity Incentive
(Summary Compensation Table, Columns 5-6)
(Grants of Plan-Based Awards, Columns 5-8)
(Outstanding Equity Awards at Fiscal Year-End)

Our approach to long-term incentives in 2008 consisted of equity-based incentives primarily in the form of stock options, which provide reward only upon improvement in our stock price. Additionally, we closely align employee interests with the longer-term shareholders' interests by encouraging equity participation in the Company. All management-level employees are eligible to receive stock options. Each respective employee's responsibility and performance and relevant market data determined the individual option grant levels in 2008. We believe that long-term equity incentives in the form of stock options align executive performance with shareholder interest because employees have a vested interest in our stock performance and the value only appreciates from stock price improvement after the grant date. Equity compensation encourages our executives to have an owner's perspective in managing our Company. We encourage executive stock ownership and in March 2009, our Board adopted share ownership guidelines for our Named Executive Officers and Directors, which after five years of adoption or appointment, generally require that our Chief Executive Officer hold shares of common stock or stock equivalents of five times his base salary, our vice presidents hold shares of common stock or stock equivalents of two times base salary and our directors hold shares of common stock or stock equivalents of three times their respective cash retainer.

We have reviewed other long-term equity compensation forms. Considering the impact from alignment with shareholder interests, accounting costs, perceived value and cash cost, we believe that long-term equity incentive based compensation, primarily in the form of stock options, is the best alternative. We use the following vesting schedules to encourage employee equity holding and employment retention:

Length of Service to the Company	Option Vesting Schedule
Less than five years	100% vest five years after the grant date
More than five years	50% vest three years after the grant date 50% vest five years after the grant date

In 2007 and periodically in the past, we have granted shares of restricted stock. In 2007 and 2004, we granted restricted shares in an amount up to one-third of the number of stock options granted to certain executives. These shares were awarded to reward extraordinary, consistent, long-term Company growth. Restricted shares convey all the rights of a shareholder, including the right to vote and receive dividends, but the executive may not sell or transfer the shares during the vesting period. Employee restricted stock awards generally vest after 5 years of continued service to the Company, which we believe provides a strong, long-term performance and retention incentive for executives. In its future annual equity grants to senior management, the Committee is considering increased use of restricted stock. The Committee believes that in the volatile economy that has been experienced in recent years and which may persist through 2009 and perhaps beyond, restricted stock can play an important retentive and motivational role that stock options alone cannot.

Currently, we grant stock options and determine their exercise price at the year’s first Committee meeting, which is normally held in February. This annual basis aligns with the annual performance-review and compensation-adjustment cycle. Stock options are granted at an exercise price equal to our stock’s closing price on the grant date. The Committee may also award stock options to employees hired during the year. In February 2009, we deferred all equity grants until May 2009, pending stockholder approval of the 2007 LTIP Amendment.

As an employee’s responsibility increases, stock options become a greater percentage of his or her total compensation, equating to more at-risk compensation to higher-level employees. Equity grants are a key element to our total compensation packages.

Savings Plans
(Summary Compensation Table, Column 7)
(All Other Compensation Table, Column 4)
(Nonqualified Deferred Compensation)

Our 401(k) Plan permits eligible employees to defer up to the Internal Revenue Code limit. For 2008, the limit was $15,500 or $20,500 for participants who attained the age of 50 during the plan year. We contribute a 100% match on the first 3% of compensation deferred, a 50% match on deferrals between 3% and 5% and no match on deferrals over 5%.

The PoolCorp Deferred Compensation Plan, which allows certain employees who occupy key management positions (including all of the Named Executive Officers) to defer eligible cash compensation, allows participants to receive matching contributions on the same percentage of eligible compensation as offered under the 401(k) Plan. Our total Company matching contributions given to a participant under the 401(k) Plan and the PoolCorp Deferred Compensation Plan during any one year may not exceed 4% of a participant's eligible cash compensation.

Perquisites
(Summary Compensation Table, Column 7)
(All Other Compensation Table)

Our philosophy is that perquisites should be limited. In line with our philosophy, our executives are offered few benefits that are not otherwise available to all of our employees. We provide certain employees, including the Named Executive Officers, with their choice of either a Company vehicle (including maintenance, insurance and fuel) or an auto allowance. We allow these employees to use their vehicles for personal and business reasons. At the end of a lease term, officers may choose to purchase their Company vehicle at book value. Additionally, we waive medical and dental monthly premiums for officers, including each of the Named Executive Officers.

Post-Employment Matters

Under Mr. Perez de la Mesa's employment agreement, if the Company terminates his employment other than for cause, he will receive his base salary for a period of six months. The agreement also provides that Mr. Perez de la Mesa may not compete with the Company for two years following the termination of his employment. The other Named Executive Officers have also signed employment agreements, which entitle them to receive their respective base salary for a period of three months if terminated for reasons other than cause, and which prevent them from competing with the Company for one year following such termination. The Committee believes these provisions are necessary to recruit highly talented executives and are conservative considering current market conditions and competing businesses. Further, the Committee believes that these payment levels are below the general practice among comparable companies.

We do not provide any defined benefit pension arrangements nor do we provide any other compensation arrangements to our Named Executive Officers other than those discussed above or otherwise available to all Company employees.

Certain Tax Considerations

Under Section 162(m) of the Internal Revenue Code (Section 162(m)), public companies may generally not take a tax deduction for compensation in excess of $1 million paid to a company's chief executive officer or any of the four other most highly compensated officers. Our policy with respect to Section 162(m) is to make reasonable efforts to ensure that compensation is deductible without limiting our ability to attract and retain qualified executives. We have not adopted a policy that all compensation must be deductible.

If compensation qualifies as "performance-based" under Section 162(m), it does not count against the $1 million deduction limit. Management believes the stock option awards under our 1998 Stock Option Plan (the 1998 Plan), 2002 LTIP and 2007 LTIP presently meet the performance-based compensation requirements under Section 162(m). We expect that 2008 compensation paid to executive officers will be fully deductible.

Summary

After review of all existing programs, consideration of current market and competitive conditions, and alignment with our overall compensation objectives and philosophy, we believe that the total compensation program for our executives is appropriately focused on increasing value for shareholders and enhancing corporate performance. We believe that a significant part of executive pay is properly tied to stock appreciation or shareholder value through stock options, restricted stock grants and incentive performance measures. We further believe that our executive compensation levels, while currently below market, have the potential to be competitive with the compensation programs offered by other corporations with which we compete for executive talent.

EXECUTIVE COMPENSATION

The Summary Compensation Table below summarizes the total compensation of our Named Executive Officers in 2008. Based on the totals of the amounts included in the Summary Compensation Table for 2008, base salary accounted for approximately 33% of the total compensation for the Named Executive Officers while our cash bonus (non-equity incentive plan compensation) accounted for approximately 9% of the total compensation for the Named Executive Officers. The cash bonus compensation accounted for a small percentage of total compensation because there was no payout under the 2006 SPIP and the Company's diluted earnings per share threshold under the annual bonus program was not achieved. As discussed in our "Compensation Philosophy" above, our Named Executive Officers have a larger proportion of their total compensation opportunity delivered through pay-for-performance cash incentives and long-term equity. For example, our Chief Executive Officer, Mr. Perez de la Mesa, had the largest proportion of total compensation delivered through long-term equity compensation.

Changes in our Named Executive Officers' base salaries from year to year reflect general changes in market pay for executive talent as described under "Base Salary" above, changes in responsibility for individual Named Executive Officers from time to time and, to a lesser extent, the individual's job performance over time. Additionally, as base pay levels for all Named Executive Officers have been deemed to be substantially below market historically based on market pay studies, some of the increases in base pay are to adjust towards market over time. We do not generally provide our Named Executive Officers with automatic annual salary increases or other cost of living adjustments. Each of the salary increases received in 2008 by our Named Executive Officers were between 4% to 10% and in each case, were due to the individual's performance in 2007 and additional responsibilities assumed in 2008. In addition in 2008, a small portion of the annual salary of each of our Named Executive Officers was increased to correct below market compensation levels due in large part to our cumulative growth over many years.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Plan Compensation(1) ($)	Stock Awards(2) ($)	Option Awards(3) ($)	All Other Compensation(5) ($)	Total ($)
Manuel J. Perez de la Mesa	2008	410,000	85,000	-	932,751	41,941	1,469,692
President and Chief	2007	390,000	117,000	-	759,478	61,040	1,327,518
Executive Officer	2006	367,500	238,875	-	751,975	48,305	1,406,655
Mark W. Joslin	2008	235,000	58,750	37,850	251,210	33,918	616,728
Chief Financial Officer	2007	225,000	67,500	37,320	186,934	36,451	553,205
and Vice President	2006	210,000	128,100	41,464	152,717	35,719	568,000
A. David Cook	2008	260,000	104,000	107,923 (4)	305,899(4)	44,224	822,046
	2007	240,000	72,000	81,161(4)	205,447(4)	31,628	630,236

Group Vice President							
	2006	210,000	131,250	32,501	198,097(4)	36,113	607,961
Stephen C.				69,471(4)			
Nelson	2008	215,000	75,250		313,871 (4)	30,939	704,531
Vice				98,467(4)			
President	2007	200,000	60,000		209,523(4)	29,501	597,491
	2006	180,000	111,600	13,000	133,589(4)	27,846	466,035
Kenneth G. St.			55,000	31,925			
Romain	2008	220,000			128,331	36,524	471,780
Group Vice			80,000	25,210			
President	2007	200,000			80,733	33,937	419,880
	2006	160,000	116,960	13,000	76,317	31,117	397,394

1. Consists of amounts earned under our annual bonus program. There were no payouts under the 2006 SPIP, our previous long-term non-equity incentive plan, for the 2006, 2007 and 2008 performance periods. For 2008, there was no payout under our annual bonus program for achievement of the specific diluted earnings per share measure as the Company did not achieve the threshold performance levels. However, with respect to Mr. Perez de la Mesa, the Company did achieve the operational cash flow measure. The total payouts under the annual bonus program averaged approximately 28% of each Named Executive Officer's base salary and consisted of a calculated award of approximately 10% to 35% of base salary for the achievement of specific individual business objectives and a discretionary award of approximately 5% to 15% of base salary above the calculated bonus levels. In exercising its discretion, the Committee took into account our relative performance in an extremely difficult market and each executive's individual contribution to that performance.

2. Amounts shown do not reflect compensation actually received by the officers. Instead, these amounts reflect the dollar amount recognized for financial statement reporting purposes in accordance with Statement of Financial Accounting Standards (SFAS) 123(R), Share-Based Payments, for the fiscal years ended December 31, 2008, 2007 and 2006, respectively, except that the impact of estimated forfeitures related to service-based vesting conditions is excluded. We calculated the share-based compensation expense for stock awards based on the fair value of the awards on the respective grant dates.

3. Amounts shown do not reflect compensation actually received by the officers. Instead, these amounts reflect the dollar amount recognized for financial statement reporting purposes in accordance with SFAS 123(R) for the fiscal years ended December 31, 2008, 2007 and 2006, respectively. These amounts include share-based compensation expense for awards granted in and prior to 2008. Assumptions used in the calculation of the estimated fair value of option awards granted in 2006, 2007 and 2008 are included in footnote 7 to the Company's audited financial statements included in Item 8 of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 2, 2009.

4. Amounts shown reflect partial acceleration of share-based compensation expense for awards granted in 2006, 2007 and 2008. Since these employees will become eligible for retirement (as defined by the retirement provisions within the stock option and restricted stock agreements for awards granted under our 2007 LTIP) prior to the vest date(s) of these awards, we recognize the share-based compensation expense ratably over the implied requisite service period in accordance with SFAS 123(R). The implied requisite service period is the period between the grant date and the date the employee becomes eligible for retirement.

5. For detail of the major components of this category, see the All Other Compensation Table below. Mr. Perez de la Mesa's 2007 total also includes $17,622 in other compensation related to his purchase of a vehicle previously owned by the Company. Mr. Joslin's 2006 total also includes $3,012 in other compensation related to a discount on pool products purchased from the Company.

ALL OTHER COMPENSATION TABLE

The following table describes the major components of the All Other Compensation column of the Summary Compensation Table.

Name	Year	Company Paid Insurance Premiums ($)	Company Contributions to Defined Contribution Plans ($)	Vehicle Lease, Maintenance and Insurance Expense or Automobile Allowance for a Vehicle Used for Both Business and Personal Purposes ($)
Manuel J. Perez de la Mesa	2008	4,289	17,869	19,783
	2007	3,327	25,061	15,030
	2006	2,314	28,000	17,991
Mark W. Joslin	2008	4,126	12,098	17,694
	2007	3,218	14,124	19,109
	2006	2,314	12,240	18,153
A. David Cook	2008	4,334	9,200	30,690
	2007	3,357	9,000	19,271
	2006	1,843	13,985	20,285
Stephen C. Nelson	2008	3,528	10,854	16,557

	2007	2,716	12,385	14,400
	2006	1,508	11,938	14,400
Kenneth G. St.			11,320	21,254
Romain	2008	3,950		
	2007	1,958	11,309	20,670
	2006	-	9,516	21,601

The Grants of Plan-Based Awards Table below summarizes the non-equity incentive plan and equity incentive plan awards to our Named Executive Officers in 2008. Based on the total grant date fair value of stock options awarded in 2008, the stock options awarded to our Chief Executive Officer, Mr. Perez de la Mesa, were an average of 3.1 times the total fair value of the stock options awarded to our other Named Executive Officers in recognition of his substantially greater responsibilities. Mr. Perez de la Mesa's duties and responsibilities encompass all aspects of our management and operations and are greater in scope and collectively more significant in nature than those of our other Named Executive Officers.

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date	Target* ($)	Max ($)	(#)	(#)	($/Sh)	($)
Manuel J. Perez de la Mesa	2/26/2008 (1)	N/A	N/A	N/A	120,000 (5)	20.34	796,992
	2/26/2008 (2)	85,000	492,000	N/A	N/A	N/A	N/A
	2/26/2008 (3)						