



ORDINARY SHAREHOLDERS' MEETING

April 19, 2010 – first call
April 21, 2010 – second call

REPORT ON OPERATIONS

pursuant to article 3 of Ministerial Decree 437/1998 of November 5, 1998

Agenda item 1

Annual financial statements of YOOX S.p.A. for the year ending December 31, 2009; the Board of Directors' Report on Operations 2009; the Report of the Board of Auditors; External Auditors' Report; related and consequent resolutions; submission of the YOOX Group's consolidated financial statements as of December 31, 2009 and related reports. Related and consequent resolutions

Dear Shareholders,

The Board of Directors of YOOX S.p.A. has called the ordinary shareholders' meeting to ask you to approve the draft financial statements for the year ending December 31, 2009.

The financial statements show a net profit of Euro 2,752,871.47 (two million, seven hundred and fifty two thousand, eight hundred and seventy one/47). It is also announced that the report on operations prepared by the Board of Directors, which includes the "Report on corporate governance and ownership structure" pursuant to articles 123-*bis* of Legislative Decree 58/1998 and 89-*bis* of CONSOB Regulation 11971/1999, as amended, as well as Section IA.2.6 of the instructions for regulation of the markets organised and managed by Borsa Italiana S.p.A., is already available for shareholders.

We propose to allocate the profit of Euro 2,752,871.47 (two million, seven hundred and fifty two thousand, eight hundred and seventy one/47) as follows:

- to carry forward the entire profit of YOOX S.p.A., of Euro 2,752,871.47 (two million, seven hundred and fifty two thousand, eight hundred and seventy one/47).

We also propose:

- to request shareholders' approval to make available the reserve for unrealised foreign exchange gains of Euro 25,626.00 (twenty five thousand, six hundred and twenty six/00) at December 31, 2008;
- to acknowledge that the YOOX Group's consolidated financial statements as of December 31, 2009 show a net profit of Euro 4,097,676.60 (four million, ninety seven thousand, six hundred and seventy six/60).

You will therefore be asked to approve the following resolution:

"The ordinary shareholders' meeting of YOOX S.p.A.,

- having heard and approved that set out by the Board of Directors;
- acknowledging the reports of the Board of Auditors and the External Auditors, as well as the consolidated financial statements at December 31, 2009,

votes

1. to approve the Board of Directors' Report on Operations and the consolidated financial statements as of December 31, 2009, in full;
2. to approve the allocation of profit for the year, of Euro 2,752,871.47 (two million, seven hundred and fifty two thousand, eight hundred and seventy one/47) as follows:
 - to carry forward the entire profit of YOOX S.p.A., of Euro 2,752,871.47 (two million, seven hundred and fifty two thousand, eight hundred and seventy one/47).
3. to make available the reserve for unrealised foreign exchange gains of Euro 25,626 (twenty five thousand, six hundred and twenty six/00) at December 31, 2008;

The shareholders also:

- acknowledge that the YOOX Group's consolidated financial statements as of December 31, 2009 show a net profit of Euro 4,097,676.60 (four million, ninety seven thousand, six hundred and seventy six/60).

Agenda item 2

Changes to the auditing appointment, which has been assigned, pursuant to article 155 and subsequent articles of Legislative Decree 58/1998, to KPMG S.p.A. by the Company's ordinary shareholders' meeting held on September 8, 2009, and resulting determination of the compensation for this appointment for the financial years 2009-2017. Inherent and consequent resolutions.

Dear Shareholders,

You have been called to the ordinary shareholders' meeting to examine and approve the proposed amendment to the audit appointment conferred pursuant to article 155 *et seq* of Legislative Decree 58/1998 to KPMG S.p.A. by the Company's ordinary shareholders' meeting of September 8, 2009 and the resulting determination of the fees for this appointment for the financial years 2009-2017.

In this regard, note that the proposed amendment to the appointment relates to the new formulation of article 123-*bis*, paragraph 4 of Legislative Decree 58/98. Under the new formulation of this article, the external auditors express in the audit report an opinion regarding the consistency of the report on operations with the financial statements, also with reference to the information contained in paragraph 1, letters c), d), f), l) and m), and paragraph 2, letter b), of article 123-*bis*, and checks that a report on corporate governance and ownership structure has been prepared. This legal provision thereby changes the original appointment letter dated September 2, 2009.

In light of the above, pursuant to article 159 of Legislative Decree 58/1998, the Company's Board of Auditors has drafted a proposal to amend the audit appointment conferred pursuant to article 155 *et seq* of Legislative Decree 58/1998 by the ordinary shareholders' meeting of September 8, 2009, and the resulting determination of the fees for this appointment for the financial years 2009-2017.

The Board of Auditors' proposal is attached to this Report in sub-Annex "A".

**Proposal submitted by the Board of Auditors
to the shareholders of YOOX S.p.A.
to extend the audit appointment
of KPMG S.p.A.
pursuant to article 159, paragraph 1 of Legislative Decree 58 of February 24, 1998**

Dear Shareholders,

whereas

- (i) in accordance with the applicable legal and regulatory provisions, and in particular the new formulation of article 123-*bis*, paragraph 4 of Legislative Decree 58/98 (“TUF”), the Board of Auditors was asked to formulate a proposal to amend the audit appointment of external auditors KPMG in compliance with the provisions of Legislative Decree 58/98 (particularly as per the recently amended article 159 of Law 262/2005 regarding *Provisions for the protection of savings and governance of the financial markets* and Legislative Decree 303 of December 29, 2006, in force since January 25, 2007), CONSOB Regulation 11971/1999 as amended (the “Issuer Regulation”) and applicable recommendations issued by CONSOB; this Board of Auditors’ proposal will be presented to the shareholders’ meeting of YOOX S.p.A. in accordance with article 159 of the TUF;
- (ii) to this end, the Board of Auditors has assessed the opportunity of amending the appointment of KPMG S.p.A. (hereinafter also the “External Auditors”) to audit the financial statements. The Board of Auditors has therefore examined the amendment to the contract proposal - in line with the content of the audit appointment prescribed for issuers with shares listed in regulated markets – presented on March 8, 2010 by the external auditors KPMG S.p.A. (recorded in the special register of auditing companies pursuant to article 161 of the TUF), attached in sub-Annex 1 (“the Amendment to the Proposal”);
- (iii) additions and amendments provided for in the Amendment to the Proposal compared with the letter of appointment dated September 2, 2009 are set out below.
- Section 1 on the purpose of the appointment is amended as follows:
“Furthermore, pursuant to article 156, paragraph 4-*bis*, letter d) of Legislative Decree 58/98, auditing activity will also include a check that the report on operations is consistent with the financial statements, including with respect to information on corporate governance and ownership structure, in accordance with article 123-*bis*, paragraph 4 of Legislative Decree 58/98”.
 - Section 2.1 on the nature of the appointment is amended as follows:
“The report on operations will be checked for the sole purpose of expressing an opinion on

its consistency with the annual and consolidated financial statements. In performing this task, we will refer to that set out in document 001 of the reference auditing standards (Opinion on the report on operations' consistency with the financial statements) as well as the directives issued by professional associations. As indicated in this standard, in performing the checks indicated, the auditor does not change the level of significance used for the auditing of the financial statements, determined as set out by the reference auditing standards. Furthermore, the opinion on the consistency expressed by the auditor does not represent an opinion on conformity nor on the true and correct representation of the report on operations in relation to the laws that govern its contents, either in its entirety or as regards the individual pieces of information contained therein.

If the checks carried out for the purposes of expressing an opinion on consistency reveal any inconsistencies between the report on operations and the annual and consolidated financial statements, we will inform the directors in good time thereof and deal with them in accordance with the reference auditing standards.

The above-mentioned auditing activity for the purpose of expressing an opinion on the consistency of the report on operations with the financial statements, includes a check relating to information on corporate governance and ownership structure, pursuant to article 123-*bis*, paragraph 4 of Legislative Decree 58/98.”.

- The directors are responsible for preparing the report and operations and its contents, including information on corporate governance and ownership structure. Consequently, section 2.4 relating to Responsibility has been amended with regard to this aspect.
- For the purpose of expressing an opinion on consistency, the report on operations on the annual and consolidated financial statements, including information on corporate governance and ownership structure pursuant to article 123-*bis*, paragraph 4 of Legislative Decree 58/98, must be made available to the External Auditors, together with all the documentation necessary to perform their duties, sufficiently in advance to enable them to carry out the checks indicated in the aforementioned standard. Consequently, section 3.3 relating to Access has been amended with regard to this aspect.
- In accordance with document 580 of the auditing standards (Management certification) and the Assirevi (Italian auditors' association) research documents on the subject, the letter of certification issued will contain specific references to the report on operations, including information on corporate governance and ownership structure, and to the conformity of its contents with the regulations in force. Consequently, section 3.4 relating to Certification Letters has been amended with regard to this aspect.

- Document 001 of the abovementioned reference auditing standards provides that the auditor must inform the management body that has prepared the report on operations of any inconsistencies encountered in relation to the financial statements. This communication will also include any inconsistencies with the financial statements encountered in the information on corporate governance and ownership structure. Consequently, section 3.6 on Communications with persons responsible for governance activities has been amended to also include this type of communication.
- If it is decided to publish the report on corporate governance and ownership structure on the company website, the Company undertakes to inform the External Auditors in good time of any changes made to this report subsequent to its publication on the website, in particular with reference to the information contained therein subject to the Auditor's opinion regarding consistency. It will also be the Company's responsibility to ensure that the information amended subsequent to the issue of the audit opinion and published on the website clearly indicates that this has not been submitted for opinion, in order to prevent any erroneous or misleading associations. Section 4.3 regarding the Use of reports on the annual and consolidated financial statements of YOOX S.p.A. has consequently been amended in this regard.
- The remuneration to be paid for the auditing of the accounts has furthermore consequently been revised for each of the years 2009-2017, and now amounts to EUR 126,500 for the annual financial statements and EUR 16,000 for the consolidated financial statements, a total increase of EUR 7,500 a year compared to the original amount.

in view of

- articles 155, 156, 159 and 165 of Legislative Decree 58 of February 24, 1998
- the provisions set out in CONSOB regulation 11971/1999 and CONSOB resolution 10867 of July 31, 1997
- article 146 of the Issuer Regulation

given that

- the Amendment to the Proposal seems in line with the legal and regulatory provisions in force as well as with the instructions set out in CONSOB communication 96003556 of April 18, 1996
- the Amendment to the Proposal contains instructions on the procedures to be carried out in

- order to express an opinion on the consistency of the financial statements in relation to some of the information in the Corporate Governance report, as provided for in document 001 of the reference auditing standards as well as the directives issued by professional associations
- these procedures, as well as further activities indicated in the Amendment to the Proposal, in the view of the undersigned, are appropriate and complete from a technical viewpoint
 - the number of hours indicated in the Amendment to the Proposal to carry out the work is reasonable
 - the fees requested seem in line with the best market conditions, commensurate with the breadth and quality of the services offered, and are determined as indicated in CONSOB Communication 96003556 of April 18, 1996
 - the External Auditors in question possess the legal requirements of independence, and currently there is incompatibility or conflict of interest pursuant to the applicable legal or regulatory provisions
 - the External Auditors have an appropriate organisational structure for the breadth and complexity of the duties to be performed

now therefore

the Board of Auditors proposes to amend and supplement the duties assigned to KPMG S.p.A. – with respect to the appointment of September 2, 2009 – for the years from that ending December 31 2009 to that ending December 31, 2017, that it until the shareholders’ meeting to approve the annual financial statements for the year ending December 31, 2017, according to the conditions set out in the Amendment to the Proposal (attached in sub-Annex “1”).

Annex “1”: Amendment to the Proposal for the auditing of YOOX S.p.A., presented by KPMG S.p.A..

for the Board of Auditors
Chairman
Filippo Tonolo

Milan, March 11, 2010



KPMG S.p.A.
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Via Nannetti, 1
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For the attention of Federico Marchetti, Chairman of the Board of Directors

March 8, 2010

Audit appointment conferred pursuant to article 155 *et seq* of Legislative Decree 58/98 – Additions to procedures and conditions of conducting the audit

Dear Sirs

Legislative Decree 173 of November 2, 2008, implementing Directive 2006/46/EC, replaced article 123-*bis* of Legislative Decree 58/98 relating to the “Report on Corporate Governance and Ownership Structure” (hereinafter the “Report”), extending in particular the contents of the report on operations for issuers of securities traded on regulated markets and providing for the auditing company to express an opinion on the consistency of the financial statements with some of the information contained in the Report, in addition to that already provided for in article 156, paragraph 4-*bis*, letter d of Legislative Decree 58/98. Furthermore, article 123-*bis*, paragraph 4 of Legislative Decree 58/98 establishes that the auditing company checks that a report on corporate governance and ownership structure has been prepared.

Consequently, we hereby inform you that in performing the audit procedures in order to express a judgement on the consistency of the above, we will refer to that set out in document 001 of the reference audit standards (Opinion on the report on operations’ consistency with the financial statements) as well as the directives issued by professional associations.

Taking into account the change in the reference legal framework compared with the original letter of appointment dated September 2, 2009, in Annex 1, we summarise the necessary changes that will have an effect on the appointment from that relating to the year ending December 31, 2009.

As a result, following the meetings held, the additional checks necessary to express an opinion on consistency and to check the preparation of the Report pursuant to article 123-*bis*, paragraph 4 of Legislative Decree 58/98, necessitate the application of the requirements set out in section 7.1 of the original letter of appointment, in order to update the estimated time and fees from what was agreed.

Annex 2 provides a detailed breakdown of the estimated time and fees to conduct the audit, updated following this letter, to take into account the effects of the aforementioned change relating to each of the years 2009-2017.

KPMG S.p.A. is an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Asti Bari
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Genova Lecce Livorno Milano
Modena Palermo Parma Perugia
Pescara Roma Torino Treviso
Vercelli Verona Venezia

Società di diritto
Capitale sociale
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Part. IVA 00704960150
Sede legale: Via Vittor Pisani, 15
20124 Milano MI



YOOX S.p.A.

*Letter outlining additions to the procedures
of the audit appointment*

March 8, 2010

Based on the considerations set out previously, we estimate that our fees, relative to each year from 2009 to 2017, will total Euro 126,500 for the annual financial statements and Euro 16,000 for the consolidated financial statements.

The aforementioned original letter of appointment remains in force for everything not expressly covered in this letter and the related annexes.

* * *

We attach a copy of this letter and the related annexes forming an integral part thereof, which we ask you to sign and return to us by way of acceptance.

We attach a further copy of this letter and the related annexes that we kindly ask you to send to Chairman of the Board of Auditors, Filippo Tonolo, as it falls within his area of responsibility.

Please do not hesitate to contact us if you require any clarification regarding its contents.

Yours faithfully

KPMG S.p.A.

Gianluca Geminiani
Partner

Annexes: mentioned above

gg/dc/sr



YOOX S.p.A.

*Letter outlining additions to the procedures
of the audit appointment*

March 8, 2010

Annex 1

Main amendments resulting from changes to the law and the consequent effects on the original letter of appointment dated September 2, 2009

The main amendments resulting from changes to the law and the consequent effects on the letter of appointment currently in force are summarised below.

- The new article 123-*bis*, paragraph 4 of Legislative Decree 58/98 establishes that the auditing company expresses an opinion on the report on operations' consistency with the financial statements, also with reference to information pursuant to paragraph 1, letters c), d), f), l) and m), and paragraph 2, letter b) of the same article 123-*bis*, and checks that a report on corporate governance and ownership structure has been prepared. This legal provision consequently changes section 1 of the original letter of appointment dated September 2, 2009 relating to the purpose of the appointment, which is therefore amended as follows:

"Furthermore, pursuant to article 156, paragraph 4-*bis*, letter d) of Legislative Decree 58/98, auditing activity will also include a check that the report on operations is consistent with the financial statements, including with respect to information on corporate governance and ownership structure, in accordance with article 123-*bis*, paragraph 4 of Legislative Decree 58/98".

- The legal provision mentioned in the previous point furthermore changes section 2.1 of the original letter of appointment dated September 2, 2009 relating to the nature of the appointment, and is amended as follows:

"The report on operations will be checked for the sole purpose of expressing an opinion on its consistency with the annual and consolidated financial statements. In performing this task, we will refer to that set out in document 001 of the reference auditing standards (Opinion on the report on operations' consistency with the financial statements) as well as the directives issued by professional associations. As indicated in this standard, in performing the checks indicated, the auditor does not change the level of significance used for the auditing of the financial statements, determined as set out by the reference auditing standards. Furthermore, the opinion on the consistency expressed by the auditor does not represent an opinion on conformity nor on the true and correct representation of the report on operations in relation to the laws that govern its contents, either in its entirety or as regards the individual pieces of information contained therein.

If the checks carried out for the purposes of expressing an opinion on consistency reveal any inconsistencies between the report on operations and the annual and consolidated financial statements, we will inform the directors in good time thereof and deal with them in accordance with the reference auditing standards.



YOOX S.p.A.

*Letter outlining additions to the procedures
of the audit appointment*

March 8, 2010

The above-mentioned auditing activity for the purpose of expressing an opinion on the consistency of the report on operations with the financial statements, includes a check relating to information on corporate governance and ownership structure, pursuant to article 123-*bis*, paragraph 4 of Legislative Decree 58/98.”

- The directors are responsible for preparing the report and operations and its contents, including information on corporate governance and ownership structure. Consequently, section 2.4 of the original letter of appointment dated September 2, 2009 relating to Responsibility has been amended with regard to this aspect.
- For the purpose of expressing an opinion on consistency, the report on operations on the annual and consolidated financial statements, including information on corporate governance and ownership structure pursuant to article 123-*bis*, paragraph 4 of Legislative Decree 58/98, must be made available to us, together with all the documentation necessary to perform our duties, sufficiently in advance to enable us to carry out the checks indicated in the aforementioned standard. Consequently, section 3.3 of the original letter of appointment dated September 2, 2009 relating to Access has been amended with regard to this aspect.
- In accordance with document 580 of the auditing standards (Management certification) and the Assirevi (Italian auditors' association) research documents on the subject, the letter of certification issued will contain specific references to the report on operations, including information on corporate governance and ownership structure, and to the conformity of its contents with the regulations in force. Consequently, section 3.4 of the original letter of appointment dated September 2, 2009 relating to Certification Letters has been amended with regard to this aspect.
- Document 001 of the abovementioned reference auditing standards provides that the auditor must inform the management body that has prepared the report on operations of any inconsistencies encountered in relation to the financial statements. This communication will also include any inconsistencies with the financial statements encountered in the information on corporate governance and ownership structure. Consequently, section 3.6 of the original letter of appointment dated September 2, 2009 on Communications with persons responsible for governance activities has been amended to also include this type of communication.



YOOX S.p.A.

*Letter outlining additions to the procedures
of the audit appointment*

March 8, 2010

- If you decide to publish the report on corporate governance and ownership structure on your website, you undertake to inform us in good time of any changes made to this report subsequent to its publication on the website, in particular with reference to the information contained therein subject to our opinion regarding consistency. It will also be your responsibility to ensure that the information amended subsequent to the issue of the audit opinion and published on the website clearly indicates that this has not been submitted for opinion, in order to prevent any erroneous or misleading associations.

Section 4.3 of the original letter of appointment dated September 2, 2009 regarding the Use of reports on the annual and consolidated financial statements of YOOX S.p.A. has consequently been amended in this regard.



YOOX S.p.A.
*Letter outlining additions to the procedures
of the audit appointment
March 8, 2010*

Annex 2

Breakdown of updated hours and fees

Audit of the annual financial statements and check regarding the regular accounting and correct recording of business transactions in the accounting records of YOOX S.p.A.

	No. professionals	Hours		Hourly rates €	Fees €
		no.	%		
Partners	1	75	6.0	276	20,700
Managers	1	191	15.0	143	27,310
Seniors	1	381	30.0	95	36,195
Assistants	2	622	49.0	68	42,295
		1,269	100.0		126,500

Audit of the Group's consolidated financial statements

	No. professionals	Hours		Hourly rates €	Fees €
		no.	%		
Partners	1	10	7.0	276	2,760
Managers	1	35	25.0	143	5,000
Seniors	1	69	50.0	95	6,540
Assistants	1	25	18.0	68	1,700
		139	100.0		16,000

Agenda item 3

Expansion of the Board of Directors through the appointment of a director pursuant to article 2386 of the Italian Civil Code; related and consequent resolutions.

Dear Shareholders,

You have been called to the ordinary shareholders' meeting to appoint a director to expand the Board of Directors pursuant to article 2386 of the Civil Code.

In this regard, on October 29, 2009, following the resignation of director Raffaello Napoleone, the Board of Directors appointed through co-optation to the position of director, pursuant to article 2386 of the Civil Code, Catherine Gérardin, who will remain in office until the date of the shareholders' meeting. Note that Catherine Gérardin meets the requirements of independence set out in article 147-*ter* of Legislative Decree 58/1998 (the "**TUF**") and the Code of Conduct of Borsa Italiana S.p.A., as required by article 2.2.3 of the regulation of markets organised and managed by Borsa Italiana S.p.A. (the "**Stock Exchange Regulation**").

We therefore invite you to appoint a director in order to expand the current Board of Directors, which comprises seven members as set out in the ordinary shareholders' meeting resolution of October 7, 2009.

Note that the management body currently in office was appointed by the shareholders' meeting of October 7, 2009, without applying the list vote, on the basis of the bylaws in force before the start of trading in ordinary shares of the Company on the screen-based equity market (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A. ("**MTA**") on December 3, 2009. Based on the provisions contained in article 14 of the bylaws in force for the appointment of a director necessary to expand the management body pursuant to article 2386 of the Civil Code, the shareholders' meeting will elect a director based on a majority vote, without applying the list vote. The director thereby appointed will remain in office until the mandate of the current Board of Directors expires and therefore until the date of the shareholders' meeting called to approve the annual financial statements for the year ending December 31, 2011.

Note that under article 14 of the bylaws, all directors of the Company must comply with the requirements of eligibility, professionalism and integrity provided for by law and other applicable provisions; pursuant to article 147-*ter*, paragraph 4 of the TUF, at least one director, or two if the Board has more than seven members, must also meet the requirements of independence set out therein.

Furthermore, the Company shares are traded on the Star segment of the MTA and, in order to maintain the Star qualification, the Board must contain a sufficient number of independent directors pursuant to article 2.2.3 of the Stock Exchange Regulation. In accordance with the provisions of IA.2.13.6 of the Instructions for Stock Exchange Regulation, there must be at least two independent members in boards of directors comprising up to eight members.

In light of the above, shareholders are invited to submit candidates for the appointment of a director, together with their professional curricula and the declarations with which the individual candidates accept their candidacy, and certify that there are no reasons for ineligibility or incompatibility and they meet any requirements prescribed by the Company bylaws and the laws and regulations in force for the office of director. They must also state whether they qualify as independent pursuant to the laws in force, including the aforementioned provisions applicable to issuers with the Star qualification.

Zola Predosa (BO), March 11, 2010

For the Board of Directors

Chairman of the Board of Directors
Federico Marchetti