

**YOOX GROUP**



YOOX S.P.A.

SHARE INCENTIVE PLAN PROSPECTUS

YOOX S.P.A.

*(prepared in accordance with Article 84-bis of the Regulation adopted by CONSOB with Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented)*

Bologna, July 2010



## INTRODUCTION

This prospectus (the “**Prospectus**”) has been prepared in accordance with Article 84-*bis* of the Regulation adopted by CONSOB with Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented (the “**Issuers’ Regulation**”), and is consistent, even in terms of its paragraph numbering, with the information contained in Schedule 7 of Annex 3A of the Issuers’ Regulation.

The Prospectus deals with the YOOX S.p.A. 2009-2014 share incentive plan (the “**Plan**”) approved by the Ordinary General Meeting of YOOX S.p.A. (the “**Company**” or “**YOOX**”) on 8 September 2009.

The Plan must be considered of “*major significance*” within the meaning of Article 114-*bis*, paragraph 3 of Legislative Decree No. 58 of 1998, as subsequently amended and supplemented (“**TUF**”) and Article 84-*bis*, paragraph 2 of the Issuers’ Regulation, since it is intended for certain members of the Company’s senior management.

## DEFINITIONS

The following definitions are used in this Prospectus:

“ <b>Director</b> ”	shall refer to a director of the Company or of its Subsidiaries.
“ <b>Chief Executive Officer</b> ”	shall refer to the Chief Executive Officer <i>pro tempore</i> of the Company.
“ <b>Shares</b> ”	shall refer to ordinary shares of the Company, with no par value, assigned to Beneficiaries of the Plan.
“ <b>Beneficiary</b> ”	shall refer to a Recipient of the Plan, identified by the Board of Directors of the Company, to whom the Bonus is granted.
“ <b>Compensation Committee</b> ”	shall refer to the committee responsible for offering advice and recommendations in relation to the implementation of the Plan, in accordance with the Borsa Italiana S.p.A. Corporate Governance Code for Listed Companies.
“ <b>Board of Directors</b> ”	shall refer to the Board of Directors of the Company.
“ <b>Communication</b> ”	shall refer to the communication through which the Company awards the Bonus to the Recipient, signed by said Recipient to confirm acceptance.
“ <b>Subsidiaries</b> ”	shall refer to the companies controlled by YOOX within the meaning of Article 93 of TUF.
“ <b>Payment Date</b> ”	shall refer to the date on which the Bonus is paid to the Beneficiary.
“ <b>Grant Date</b> ”	shall refer to the date on which the Board of Directors decides to allocate the Bonus to the Beneficiary.
“ <b>Recipients</b> ”	shall refer to persons who, on the Grant Date, have been employees of the Company or of one of its Subsidiaries for at least 1 (one) year.
“ <b>Prospectus</b> ”	shall refer to this prospectus, which has been prepared in accordance with Article 84- <i>bis</i> of the Issuers’ Regulation and



which is consistent, even in terms of its paragraph numbering, with the information contained in Schedule 7 of Annex 3A of the Issuers' Regulation.

<b>“Group”</b>	shall refer collectively to YOOX and the companies controlled thereby within the meaning of Article 93 of TUF.
<b>“Bonus”</b>	shall refer to the bonus allocated to the Beneficiary, consisting of the Share Bonus and the Cash Bonus.
<b>“Share Bonus”</b>	shall refer to the component of the Bonus represented by YOOX Shares allocated at no charge to Beneficiaries pursuant to the Plan and the Regulations.
<b>“Cash Bonus”</b>	shall refer to the component of the Bonus represented by cash allocated to Beneficiaries pursuant to the Plan and the Regulations.
<b>“Plan”</b>	shall refer to the YOOX S.p.A. 2009-2014 share incentive plan approved by the Ordinary General Meeting of the Company on 8 September 2009 and reserved for persons identified by the Board of Directors of the Company, who, on the Grant Date, have been employees of the Company or of one of its Subsidiaries for at least 1 (one) year.
<b>“Relationship”</b>	shall refer to the subordinate working relationship between the Recipient and either the Company or one of its Subsidiaries.
<b>“Regulations”</b>	shall refer to the regulations which set out the criteria, procedures and terms and conditions for the implementation of the Plan adopted by the Board of Directors of the Company with its resolution of 1 July 2010.
<b>“Issuers' Regulation”</b>	shall refer to the Regulation adopted by CONSOB with Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented.
<b>“Company” or “YOOX”</b>	shall refer to YOOX S.p.A., having its registered office at 1 Via Nannetti, Zola Predosa (Bologna), tax code, VAT number and registration number in the Companies Register of Bologna 02050461207, REA number BO-408666.
<b>“TUF”</b>	shall refer to Legislative Decree No. 58 of 1998, as subsequently amended and supplemented.

## **1. RECIPIENTS OF THE PLAN**

### **1.1 Names of recipients who are members of the board of directors or management board of the issuer of the securities, of the companies controlling the issuer and of the companies directly or indirectly controlled by the issuer.**

The Plan is not available to directors of the Company or of one of its Subsidiaries.

### **1.2 Categories of employees or contractors of the issuer of the securities and of companies controlling or controlled by said issuer.**

The Plan is for persons who, on the Grant Date, have been employees of the Company or of one of its Subsidiaries for at least 1 (one) year.



In order to participate in the Plan, Beneficiaries must sign the Communication and a copy of the Plan Regulations.

### 1.3 Names of persons eligible for the plan and belonging to the following categories:

*a) persons who hold a management position, as indicated in Article 152-sexies, paragraph 1, subparagraph c)-c.2, within the company issuing the shares*

The Plan is of major significance within the meaning of Article 114-bis, paragraph 3 of TUF and Article 84-bis, paragraph 2 of the Issuers' Regulation, since it is reserved for persons who hold a management position within the Company and for executives of the Company who have regular access to inside information and have the power to adopt management decisions that could have an impact on the development and future prospects of the Company, pursuant to Article 152-sexies, paragraph 1, subparagraph c)-c.2 of the Issuers' Regulation, as referred to in Article 84-bis, paragraph 2, subparagraph a) of the Issuers' Regulation.

The following table lists the names of Beneficiaries who, on the date of this Prospectus, belonged to this category.

Name	Company	Position
Davide Di Dario	YOOX S.p.A.	Head of Customer Operations

*b) persons who hold a management position in a company directly or indirectly controlled by the issuer, if the book value of the equity investment held in that company represents more than fifty per cent of the issuer's balance-sheet assets (as reported in its latest approved financial statements), as indicated in Article 152-sexies, paragraph 1, subparagraph c)-c.3*

Not applicable since none of the Subsidiaries of YOOX satisfies the condition referred to in Article 152-sexies, paragraph 1, subparagraph c)-c.3 of the Issuers' Regulation.

*c) natural persons controlling the issuer who are employees or contractors of said issuer*

Not applicable since YOOX is not controlled by any person within the meaning of the applicable legal provisions.

### 1.4 Description and indication of the number in each category:

*a) of all executives who have regular access to inside information and who have the power to adopt management decisions which could have an impact on the development and future prospects of the issuer, as indicated in Article 152-sexies, paragraph 1, subparagraph c)-c.2*

In addition to the persons named in paragraph 1.3 a) above, on the date of this Prospectus, the Board of Directors of the Company had not identified as Beneficiaries of the Plan any other persons in a management position within the Company or executives of the Company who have regular access to inside information and who have the power to adopt management decisions which could have an impact on the development and future prospects of the Company, pursuant to Article 152-sexies, paragraph 1, subparagraph c)-c.2 of the Issuers' Regulation, as referred to in Article 84-bis, paragraph 2, subparagraph a) of the Issuers' Regulation.

*b) of all executives who have regular access to inside information and have the power to adopt management decisions that could have an impact on the development and future prospects of a company controlled directly or indirectly by the issuer, if the book value of the equity investment held in that company represents more than fifty per cent of the issuer's balance-sheet assets (as reported in its latest approved financial statements), as indicated in Article 152-sexies, paragraph 1, subparagraph c)-c.3*

Not applicable since none of the Subsidiaries of YOOX satisfies the condition referred to in Article 152-sexies, paragraph 1, subparagraph c)-c.3 of the Issuers' Regulation.



*c) any other categories of employee or contractor for which different features of the plan apply*

Pursuant to the Regulations, there are no categories of employee for which different features of the Plan apply.

*d) in the event that different stock option strike prices are envisaged for the persons indicated in subparagraphs a) and b), the names of the persons mentioned in subparagraphs a) and/or b) must be shown separately.*

Not applicable.

## **2. REASONS FOR ADOPTING THE PLAN**

### **2.1 Plan objectives**

The Company believes the Plan can:

- (a) improve organisational stability through retention of key resources;
- (b) involve Beneficiaries whose work is deemed of fundamental importance to the Company;
- (c) develop loyalty among the Beneficiaries, encouraging them to remain with the Company and fostering a sense of belonging among key resources.

#### **2.1.1 Other information**

Under the terms of the Plan, the Bonus can be granted to Beneficiaries identified by the Board of Directors within three years of the approval date of the Plan Regulations, although the Board of Directors does have the power to extend this period. The three-year period is seen as being the most conducive to achieving the stability, motivation and retention objectives of the Plan.

The reasons and criteria upon which the Company decided to establish the ratio of the Bonus to other components of overall remuneration relate, on the one hand, to meeting the retention objectives as per paragraph 2.1 above and, on the other hand, to providing Recipients with an overall benefit in line with market practice.

### **2.2 Key variables, including performance indicators, which are used to allocate share-based plans**

The Bonus is granted to Beneficiaries without charge. It is not subject to meeting performance objectives, nor is it linked to other key variables.

#### **2.2.1 Other information**

Not applicable. Shares are granted without charge. Their allocation is not subject to meeting performance objectives, nor is it linked to other key variables.

### **2.3 Criteria for calculating the amount of share-based remuneration**

The amount of the Bonus to be paid to each Beneficiary is determined by the Board of Directors, at the suggestion of the Compensation Committee, taking into account: (i) the gross annual salary of each Beneficiary; (ii) the organisational role and strategic importance of the position held in the Company by each Beneficiary; (iii) the effective ability to impact the growth of the Company, based on experience and skill.

#### **2.3.1 Other information**

The amount of the Bonus to be granted to each Beneficiary has been established based on the factors indicated in paragraph 2.3 above.



- 2.4 Reasons for any decision to grant remuneration plans based on securities not issued by the issuer, such as those issued by subsidiaries or parent companies or other companies not in the same group; in the event that such instruments are not traded on regulated markets, information about the valuation criteria used**

Not applicable.

- 2.5 Comments about any major fiscal and accounting implications that influenced the plans**

There are no major accounting and fiscal implications that influenced the Plan.

- 2.6 Any financial support for the plan from the special fund for worker participation in companies, as referred to in Article 4, paragraph 112 of Law No. 350 of 24 December 2003**

The Plan receives no financial support from the special fund for worker participation in companies, as referred to in Article 4, paragraph 112 of Law No. 350 of 24 December 2003.

### **3. APPROVAL PROCEDURE AND TIMETABLE FOR SHARE ALLOCATION**

- 3.1 Scope of the powers and responsibilities delegated by the shareholders to the board of directors for the implementation of the plan**

The YOOX Ordinary General Meeting of 8 September 2009 vested every power in the Company's Board of Directors necessary or expedient to execute the Plan, including the power to grant shares, adopt the corresponding Regulations and perform any act, obligation, formality or communication that might be necessary or expedient for the management and/or implementation of the Plan. The Board of Directors of the Company approved the Plan Regulations on 1 July 2010.

- 3.2 Persons appointed to administer the plan and their function and responsibility**

The Board of Directors is responsible for executing the Plan. Under the terms of the Plan, the Board of Directors has the power to determine the Beneficiaries, the Bonus to be granted to each Beneficiary (namely the number of shares in the Share Bonus and the amount of the Cash Bonus), and the terms, conditions and procedures for allocating and paying said Bonus. It also has the power to take any decision necessary for better administration and implementation of the Plan.

Any decision taken by the Board of Directors in connection with the interpretation and application of the Plan shall be final and binding for the parties concerned.

The Board of Directors may delegate its powers, duties and responsibilities in connection with the execution and application of the Plan to the Chairman of the Board of Directors, to the Deputy Chairman, to the Chief Executive Officer and/or to one or more directors, even on an individual basis (in this case, any reference in the Plan to the Board of Directors shall be construed as a reference to the Chairman, to the Deputy Chairman, to the Chief Executive Officer and/or to one or more directors of YOOX), without prejudice to any decision relating and/or pertinent to granting a Bonus to a Beneficiary who is also a Chairman and/or Deputy Chairman and/or Chief Executive Officer and/or director of YOOX (as with any other decision relating and/or pertinent to the management and/or implementation of the Plan in their regard), which shall remain the exclusive preserve of the Board of Directors.

The Compensation Committee is responsible for offering advice and recommendations in relation to the implementation of the Plan, in accordance with the Borsa Italiana S.p.A. Corporate Governance Code for Listed Companies.

- 3.3 Procedures in place for reviewing the plans, particularly following any changes in the underlying objectives**

The Board of Directors may decide to modify, cancel or substitute Bonuses which have not yet been paid to Beneficiaries, with their consent, or to grant Shares to another Beneficiary if such Shares, already granted under the Plan, have ceased to be effective, pursuant to the Regulations, against



the original grantee, such that the outcome is in the Company's best interests in view of the Plan objectives.

The Board of Directors has the power to discontinue the Plan and to make any necessary changes thereto. Any discontinuance or modification of the Plan shall not affect the Bonus already granted to the Beneficiaries concerned.

In the event of a change in social security or tax laws or in any other applicable legislation, or in the event of changes to the interpretation and application of said laws, the Plan may be modified or cancelled to the extent that the Bonus has not already been granted to the Beneficiaries.

### **3.4 Description of the procedures used to determine the availability and allocation of the securities on which the plans are based**

The total number of Shares to be granted to Beneficiaries for execution of the Plan was established at 312,000, with the Board of Directors having the power to irreversibly decide on the allocation to Beneficiaries of new shares or treasury shares, or parts of new shares or treasury shares, in accordance with proportions periodically established by the Board of Directors taking into account the interests of the Company.

For purposes of executing the Plan, on 8 September 2009, the Company's Extraordinary General Meeting authorised an increase in the share capital, excluding the option right pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code, for a maximum nominal amount of EUR 47,320.00, by issuing up to 4,732,000 new YOOX ordinary shares having the same features as outstanding shares and an implied accounting par value of EUR 0.01 per share, of which a maximum of 312,000 ordinary shares were reserved for executing the Plan.

On 7 October 2009, the Company's Ordinary General Meeting authorised the Board of Directors to buy and sell ordinary YOOX shares, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as to Art. 132 of TUF and the relative implementation provisions in order to, inter alia, assign acquired treasury shares to share-distribution programmes for employees of the Company or of its Subsidiaries.

### **3.5 The role of each director in deciding the characteristics of said plans; any conflicts of interest for the directors concerned**

The Plan was approved by resolution of the Ordinary General Meeting on 8 September 2009. The Board of Directors, in its decision of 1 July 2010, adopted the Plan Regulations.

With respect to the decision to implement the Plan, there are no conflicts of interest for any Director of the Company.

### **3.6 For the purposes of Article 84-bis, paragraph 1, the date of the decision taken by the relevant body to recommend the adoption of the plans to the shareholders and any proposal to appoint a compensation committee**

The Plan was approved by the Company's Ordinary General Meeting on 8 September 2009. The Board of Directors approved the corresponding Regulations on 1 July 2010. When the Plan was approved by the Ordinary General Meeting, YOOX Shares were not listed and the Compensation Committee had not been appointed.

### **3.7 For the purposes of Article 84-bis, paragraph 5, subparagraph a), the date of the decision taken by the relevant body for the allocation of the securities and any proposal made to that body by the compensation committee, where applicable**

On 1 July 2010, the Company's Board of Directors granted a Bonus to 25 Beneficiaries based on recommendations made by the Compensation Committee at the meeting on that date.

### **3.8 The market price recorded on said dates for the securities on which the plans are based, if traded on regulated markets**



On 1 July 2010 (the date on which the Bonus was granted and the decision was taken by the Compensation Committee), the market price of the Shares on the electronic stock market organised and managed by Borsa Italiana S.p.A. was EUR 5.51.

- 3.9 For plans based on securities traded on regulated markets, how the issuer has, when deciding on the timetable for the allotment of securities under the plans, allowed for the possible concurrence of:**
- (i) said allotment and any decisions taken in this respect by the compensation committee, and**
  - (ii) the disclosure of any material information pursuant to Article 114, paragraph 1; for example, if this information is:**
    - a. not already published and capable of having a positive influence on the price of the securities, or**
    - b. already published and capable of having a negative influence on the price of the securities.**

The current structure of the Plan, and the conditions, timescale and procedures for determining the Bonus, do not require any specific oversight on the matter. That said, the entire execution procedure shall in any case be carried out in full compliance with disclosure requirements incumbent upon the Company, in order to ensure transparency and parity of information to the market, as well as in accordance with procedures adopted by the Company.

## **4. FEATURES OF THE ALLOTTED SECURITIES**

### **4.1 Description of the structure of share-based remuneration plans**

The Plan provides for the allocation without charge to Beneficiaries of the Bonus, consisting of: (i) the Share Bonus, namely the allocation without charge to the Beneficiary of Shares of the Company; and (ii) the Cash Bonus, namely the allocation to the Beneficiary of a cash amount.

### **4.2 Indication of the period of effective implementation of the plan with reference to any other proposed timeframes**

The duration of the Plan, and therefore the period within which the Board of Directors shall have the power to identify the Beneficiaries and determine the relative allocations, has been set to three years from the approval date of the Plan Regulations, although the Board of Directors does have the power to extend this period.

The Bonus granted to the Beneficiary shall be paid as follows:

- (a) In the amount of one third of the bonus, no later than the thirtieth stock exchange trading day after the end of the second year from the Grant Date, provided that, on the Payment Date, the Relationship between the Beneficiary and the Company or one of its Subsidiaries is still intact, or prior to that date the Company or the Beneficiary has not communicated any type of withdrawal and a notice period is not under way on said date;**
- (b) In the amount of two thirds of the bonus, no later than the thirtieth stock exchange trading day after the end of the third year from the Grant Date, provided that, on the Payment Date, the Relationship between the Beneficiary and the Company or one of its Subsidiaries is still intact, or prior to that date the Company or the Beneficiary has not communicated any type of withdrawal and a notice period is not under way on said date;**

### **4.3 Plan duration**

See paragraph 4.2 above.

### **4.4 The maximum number of securities, including stock options, granted in each fiscal year for the persons identified by name or the categories mentioned**



The Plan does not set a limit on the number of Shares that can be granted in a fiscal year. On 1 July 2010, the Board of Directors granted a total of 124,436 Shares to 25 Beneficiaries.

**4.5 Terms and conditions of the plan, specifying whether the effective allotment of the securities is subject to any conditions or specific results or performance; description of such conditions and results**

See the individual points of this Prospectus for the terms and conditions of the Plan. As already mentioned in paragraph 2.3 above, the Bonus to be granted to each Beneficiary is determined periodically by the Board of Directors, at the suggestion of the Compensation Committee, taking into account: *(i)* the gross annual salary of each Beneficiary; *(ii)* the organisational role and strategic importance of the position held in the Company by each Beneficiary; *(iii)* the effective ability to impact the growth of the Company, based on experience and skill.

The Bonus is granted to Beneficiaries without charge. It is not subject to meeting performance objectives, nor is it linked to other key variables.

**4.6 Indication of any restrictions on the availability of the securities granted or of the securities resulting from the exercise of the stock options, with particular reference to the period during which the subsequent transfer to the company or to third parties is permitted or prohibited**

Not applicable. There are no restrictions on the availability of the Shares.

**4.7 Description of any decisive conditions in relation to the plans in the event that the recipients conduct hedging operations to offset any selling restrictions on the financial instruments granted, including stock options, or on the securities resulting from the exercise of those stock options**

Not applicable. There are no decisive conditions in the event that Beneficiaries conduct hedging operations.

**4.8 Description of the effects caused by the termination of employment**

Participation in the Plan is subject to continuation of the Relationship with YOOX or with one of its Subsidiaries.

In the event that, for whatever reason, the Beneficiary ceases to be employed by the Company or by one of its Subsidiaries before a Payment Date, the Plan dictates that the allocated but unpaid Bonus shall be cancelled and become ineffective as of the date on which the Relationship between the Company and the Beneficiary ended or the date on which the other party was notified of unilateral withdrawal.

In the event that the employer is no longer a Subsidiary, the allocated but unpaid Bonus shall be cancelled and become ineffective.

The Board of Directors has the irreversible power to extend this process as it sees fit.

**4.9 Indication of any other grounds for the cancellation of the plans**

There are no reasons to cancel the plan, other than those mentioned in the individual points of this Prospectus and without prejudice to the information in paragraph 3.3.

**4.10 Reasons for allowing any “repurchase” by the company of the securities covered by the plans pursuant to Article 2357 et seq. of the Italian Civil Code; the beneficiaries of the repurchase, indicating whether this is intended only for certain categories of employees; the effects of the termination of employment on such repurchase**

The Plan contains no clause for repurchase on the part of the Company.



**4.11 Any loans or other facilities to be granted in order to purchase the shares pursuant to Article 2358, paragraph 8 of the Italian Civil Code**

Not applicable. The Plan provides for the free allocation of Shares.

**4.12 Indication of the expected costs for the company on the corresponding grant date, as determined based on the existing terms and conditions, for the total amount and in relation to each security covered by the plan**

The total expected cost to the Company in relation to the Plan is EUR 1,832,719.

**4.13 Indication of any dilutive effects on the capital caused by the remuneration plans**

The Board of Directors may allocate to the Beneficiary new shares or treasury shares, or parts of new shares or treasury shares, in accordance with proportions periodically established by the Board of Directors taking into account the interests of the Company.

For purposes of executing the Plan, the Company shareholders: (i) on 8 September 2009, decided on an increase in the share capital, excluding the option right pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code, for a maximum nominal amount of EUR 47,320.00, by issuing up to 4,732,000 new YOOX ordinary shares having the same features as outstanding shares and an implied accounting par value of EUR 0.01 per share, of which a maximum of 312,000 ordinary shares were reserved for executing the Plan; (ii) on 7 October 2009, authorised the Board of Directors to buy and sell ordinary YOOX shares pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as to Art. 132 of TUF and the relative implementation provisions.

On the date of the Prospectus, it was not possible to determine dilutive effects of the Plan on the Company's share capital. Such effects will depend on how the Company builds up the necessary provision of Shares.

**4.14 Limits on the exercise of voting rights and recognition of dividend rights**

For purposes of effective payment of Shares to Beneficiaries, no Beneficiary may be considered in any way a shareholder of the Company.

There are no limits on the exercise of voting rights and the recognition of dividend rights for the Shares paid to Beneficiaries.

**4.15 If the shares are not traded on regulated markets, information necessary for a complete assessment of the share value**

Not applicable. The Shares are traded on the electronic stock market organised and managed by Borsa Italiana S.p.A.



## 4.24 SHARE-BASED REMUNERATION PLANS

Annex 3A, Schedule 7, Table 1 of the Issuers' Regulation

Date: July 2010

Name or category	Position	BOX 1						
		Securities other than stock options						
		<u>SECTION 1</u>						
		Securities relating to outstanding plans approved on the basis of previous shareholder resolutions						
		Date of shareholder resolution	Description of the security <sup>(1)</sup>	Number of securities granted by the relevant body	Date of allocation by the relevant body	Purchase price of the securities	Market price on the grant date	End of selling restrictions on the securities
Davide Di Dario	Head of Customer Operations	8 September 2009	YOOX S.p.A. ordinary shares	10,244	1 July 2010	Not applicable	EUR 5.51	Not applicable
24 employees	/	8 September 2009	YOOX S.p.A. ordinary shares	114,192	1 July 2010	Not applicable	EUR 5.51	Not applicable

(1) The Plan provides for the allocation without charge to Beneficiaries of the Bonus, consisting of: (i) the Share Bonus, namely the allocation without charge to the Beneficiary of Shares of the Company; and (ii) the Cash Bonus, namely the allocation to the Beneficiary of a cash amount. The above table shows the amount of the Share Bonus.