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

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**Form 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the Quarterly Period Ended December 31, 2012**
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from** \_\_\_\_\_ **to** \_\_\_\_\_

Commission file number 000-51539

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**Vistaprint N.V.**

(Exact Name of Registrant as Specified in Its Charter)

**The Netherlands**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**98-0417483**  
(I.R.S. Employer  
Identification No.)

**Hudsonweg 8**  
**5928 LW Venlo**  
**The Netherlands**  
(Address of Principal Executive Offices) (Zip Code)

**Registrant's telephone number, including area code: 31-77-850-7700**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2). See definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes  No

As of January 25, 2013, there were outstanding 33,546,852 ordinary shares, par value €0.01 per share, of Vistaprint N.V.

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**VISTAPRINT N.V.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**For the Three and Six Months Ended December 31, 2012**

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

**VISTAPRINT N.V.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited in thousands, except share and per share data)

	December 31, 2012	June 30, 2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 64,728	\$ 62,203
Accounts receivable, net of allowances of \$349 and \$189, respectively	23,467	20,125
Inventory	10,215	7,168
Prepaid expenses and other current assets	33,935	26,102
Total current assets	132,345	115,598
Property, plant and equipment, net	293,295	261,228
Software and web site development costs, net	6,965	5,186
Deferred tax assets	333	327
Goodwill	142,193	140,429
Intangible assets, net	37,050	40,271
Other assets	28,310	29,390
Investment in equity interests	13,169	—
Total assets	\$ 653,660	\$ 592,429
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 31,641	\$ 25,931
Accrued expenses	130,248	98,402
Deferred revenue	18,214	15,978
Deferred tax liabilities	1,686	1,668
Other current liabilities	621	—
Total current liabilities	182,410	141,979
Deferred tax liabilities	16,128	18,359
Other liabilities	14,727	13,804
Long-term debt	230,500	229,000
Total liabilities	443,765	403,142
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred shares, par value €0.01 per share, 100,000,000 and 120,000,000 shares authorized, respectively; none issued and outstanding	—	—
Ordinary shares, par value €0.01 per share, 100,000,000 and 120,000,000 shares authorized, respectively; 49,950,289 shares issued and 33,525,856 and 34,119,637 shares outstanding, respectively	699	699
Treasury shares, at cost, 16,424,433 and 15,830,652 shares, respectively	(398,617)	(378,941)
Additional paid-in capital	296,942	285,633
Retained earnings	313,892	292,628
Accumulated other comprehensive loss	(3,021)	(10,732)
Total shareholders' equity	209,895	189,287
Total liabilities and shareholders' equity	\$ 653,660	\$ 592,429

See accompanying notes.

**VISTAPRINT N.V.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited in thousands, except share and per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Revenue	\$ 348,312	\$ 299,862	\$ 599,728	\$ 512,222
Cost of revenue (1)	114,150	99,661	202,177	177,725
Technology and development expense (1)	40,045	29,792	77,702	56,466
Marketing and selling expense (1)	134,364	110,644	234,361	186,988
General and administrative expense (1)	26,712	27,223	52,213	48,755
Income from operations	33,041	32,542	33,275	42,288
Other (expense) income, net	(310)	2,448	(819)	2,898
Interest expense, net	(1,264)	(422)	(2,426)	(339)
Income before income taxes and loss in equity interests	31,467	34,568	30,030	44,847
Income tax provision	8,189	2,871	8,323	4,978
Loss in equity interests	(318)	—	(443)	—
Net income	\$ 22,960	\$ 31,697	\$ 21,264	\$ 39,869
Basic net income per share	\$ 0.69	\$ 0.84	\$ 0.63	\$ 1.01
Diluted net income per share	\$ 0.66	\$ 0.82	\$ 0.61	\$ 0.99
Weighted average shares outstanding — basic	33,377,045	37,638,224	33,525,669	39,439,181
Weighted average shares outstanding — diluted	34,544,965	38,654,740	34,754,574	40,474,021

(1) Share-based compensation is allocated as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Cost of revenue	\$ 107	\$ 77	\$ 205	\$ 171
Technology and development expense	2,366	834	4,606	1,693
Marketing and selling expense	1,590	498	3,139	1,053
General and administrative expense	4,287	3,454	8,667	6,669

See accompanying notes.

**VISTAPRINT N.V.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited in thousands)**

	<u>Three Months Ended December</u>		<u>Six Months Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income	\$ 22,960	\$ 31,697	\$ 21,264	\$ 39,869
Other comprehensive income:				
Foreign currency translation	4,138	(9,349)	8,226	(20,152)
Net unrealized loss on derivative instruments designated and qualifying as cash flow hedges	(227)	—	(515)	—
Total comprehensive income	<u>\$ 26,871</u>	<u>\$ 22,348</u>	<u>\$ 28,975</u>	<u>\$ 19,717</u>

See accompanying notes.

**VISTAPRINT N.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited in thousands)

	Six Months Ended December 31,	
	2012	2011
<b>Operating activities</b>		
Net income	\$ 21,264	\$ 39,869
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30,824	27,276
Share-based compensation expense	16,617	9,586
Excess tax benefits derived from share-based compensation awards	201	(11)
Deferred taxes	(3,859)	(3,001)
Other non-cash items	(31)	107
Loss in equity interests	443	—
Non-cash gain on equipment	(1,414)	—
Changes in operating assets and liabilities excluding the effect of business acquisitions:		
Accounts receivable	(2,754)	(2,576)
Inventory	(2,890)	(487)
Prepaid expenses and other assets	(4,391)	(7,494)
Accounts payable	8,603	3,123
Accrued expenses and other liabilities	32,570	45,288
Net cash provided by operating activities	<u>95,183</u>	<u>111,680</u>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(55,368)	(24,445)
Business acquisitions, net of cash acquired	—	(184,822)
Proceeds from sale of intangible assets	1,750	—
Purchases of intangible assets	(370)	(131)
Capitalization of software and website development costs	(3,140)	(2,891)
Maturities and redemptions of marketable securities	—	529
Investment in equity interests	(12,753)	—
Issuance of note receivable	(512)	—
Net cash used in investing activities	<u>(70,393)</u>	<u>(211,760)</u>
<b>Financing activities</b>		
Proceeds from borrowings of long-term debt	55,212	161,500
Payments of long-term debt and debt issuance costs	(53,895)	(16,145)
Payments of withholding taxes in connection with vesting of restricted share units	(1,790)	(1,955)
Purchases of ordinary shares	(24,775)	(209,645)
Excess tax benefits derived from share-based compensation awards	(201)	11
Proceeds from issuance of shares	1,758	139
Net cash used in financing activities	<u>(23,691)</u>	<u>(66,095)</u>
Effect of exchange rate changes on cash	1,426	(2,907)
Net increase (decrease) in cash and cash equivalents	2,525	(169,082)
Cash and cash equivalents at beginning of period	62,203	236,552
Cash and cash equivalents at end of period	<u>\$ 64,728</u>	<u>\$ 67,470</u>

See accompanying notes.

**VISTAPRINT N.V.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited in thousands, except share and per share data)**

**1. Description of the Business**

The Vistaprint group of companies offers micro businesses the ability to market their businesses with a broad range of brand identity and promotional products, marketing services and digital solutions. Through the use of proprietary Internet-based graphic design software, localized websites, proprietary order receiving and processing technologies and advanced computer integrated production facilities, we offer a broad spectrum of products, such as business cards, website hosting, apparel, signage, promotional gifts, brochures, online marketing and creative services. We focus on serving the marketing, graphic design and printing needs of the micro business market, generally businesses or organizations with fewer than 10 employees and usually 2 or fewer. We also provide personalized products for home and family use.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The consolidated financial statements include the accounts of Vistaprint N.V., its wholly owned subsidiaries, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated. Investments in entities in which we can exercise significant influence, but do not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investments in equity interests on the consolidated balance sheets.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and, accordingly, do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals, considered necessary for a fair presentation of the results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. Operating results for the three and six months ended December 31, 2012 are not necessarily indicative of the results that may be expected for the year ending June 30, 2013 or for any other period. The consolidated balance sheet at June 30, 2012 has been derived from our audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2012 included in the our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the "SEC"). Certain reclassifications have been made in the prior period consolidated financial statements to conform to the current presentation.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We believe our most significant estimates are associated with the ongoing evaluation of our long-lived assets and goodwill, advertising expense and related accruals, share-based compensation, accounting for business combinations, income taxes, and litigation and contingencies, among others. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ from those estimates.

*Interim Period Changes in Estimate*

As of July 1, 2012, we revised the estimated useful life of our capitalized software and website developments costs from 2 to 3 years based on an evaluation of historical trends, the period of benefit of past projects, and our current project portfolio. This change in estimated useful life increased our pre-tax income for three and six months ended December 31, 2012, by approximately \$667 and \$1,357, respectively, when compared to the historical estimated useful life and could have a material impact in the future.

During the three months ended December 31, 2012, we revised our interim accrual practice for cash incentive compensation that is paid based on achievement of annual performance targets. Historically, the related

costs were accrued each interim period based upon the weight of year-to-date results relative to the forecasted annual target; however, due to fluctuations in the pattern of quarterly results relative to historical trends and interim periods of net loss, we believe a straight-line attribution method better matches the pattern of how the employee earns the award. This change in practice does not affect full year net income, but does affect the trend of quarterly earnings relative to past interim periods. This change resulted in a benefit to our pre-tax income for the three and six months ended December 31, 2012 of \$1,888 as compared to our historical practice and will decrease earnings in our third and fourth fiscal quarters by the same amount subject to changes in the expected payout based on actual attainment.

### Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. The carrying value of our cash and cash equivalents at December 31, 2012 and June 30, 2012 approximates fair value.

### Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net income per share gives effect to all potentially dilutive securities, including share options, restricted share units ("RSUs") and restricted share awards ("RSAs"), if the effect of the securities is dilutive using the treasury stock method. Awards with performance or market conditions are included using the treasury stock method only if the conditions would have been met as of the end of the reporting period and their effect is dilutive.

The following table sets forth the reconciliation of the weighted-average number of ordinary shares:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Weighted average shares outstanding, basic	33,377,045	37,638,224	33,525,669	39,439,181
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs	1,167,920	1,016,516	1,228,905	1,034,840
Shares used in computing diluted net income per share	34,544,965	38,654,740	34,754,574	40,474,021
Weighted average anti-dilutive shares excluded from diluted net income per share	2,486,505	1,558,542	2,121,833	1,602,546

### Share-Based Compensation

During the three and six months ended December 31, 2012, we recorded share-based compensation expense of \$8,350 and \$16,617, respectively, and \$4,863 and \$9,586 during the three and six months ended December 31, 2011, respectively. Our share-based compensation expense has increased over the comparable period primarily due to restricted shares granted in conjunction with the December 2011 acquisition of Webs, as well as premium-priced share options which were granted in May and August of 2012 to certain executives as part of our re-designed long-term incentive program.

As of December 31, 2012, there was \$68,957 of total unrecognized compensation cost related to non-vested share-based compensation arrangements, net of estimated forfeitures. This cost is expected to be recognized over a weighted average period of 3.27 years.

### Investments in Equity Interests

Investments in the equity of entities in which we can exercise significant influence but do not own a majority equity interest or otherwise control are accounted for using the equity method and are included as investments in equity interests on the consolidated balance sheets. We record our share of the results of these entities within loss in equity interests on the consolidated statements of operations. We review our investments for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Investments identified as having an indication of impairment are subject to further analysis to determine if the impairment is other-than-temporary and this analysis requires estimating the fair value of the investment, which involves considering factors such as comparable valuations of public companies similar to the entity in which we have an equity investment, current economic and market

conditions, the operating performance of the entities including current earnings trends and forecasted cash flows, and other entity and industry specific information.

### Derivative Financial Instruments

We record all derivatives on the consolidated balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative as being a hedging relationship and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives designated and qualifying as hedges of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transaction in a cash flow hedge. We execute these instruments with financial institutions that we judge to be credit-worthy, defined as institutions that hold an investment grade credit rating. We may enter into derivative contracts that are intended to economically hedge certain of our risks, even though we may elect not to apply hedge accounting. We do not currently hold or issue derivative financial instruments for trading or speculative purposes and do not have any derivatives that are not designated as hedges for accounting purposes. In accordance with the fair value measurement guidance, our accounting policy is to measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

### Recently Issued or Adopted Accounting Pronouncements

None.

### 3. Fair Value Measurements

The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	December 31, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Foreign currency forward contracts	\$ 284	\$ —	\$ 284	\$ —
Total assets recorded at fair value	<u>\$ 284</u>	<u>\$ —</u>	<u>\$ 284</u>	<u>\$ —</u>
<b>Liabilities</b>				
Interest rate swap contracts	\$ 245	\$ —	\$ 245	\$ —
Foreign currency forward contracts	603	—	603	—
Total liabilities recorded at fair value	<u>\$ 848</u>	<u>\$ —</u>	<u>\$ 848</u>	<u>\$ —</u>
	June 30, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Liabilities</b>				
Albumprinter contingent earn-out	\$ 570	\$ —	\$ —	\$ 570
Total liabilities recorded at fair value	<u>\$ 570</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 570</u>

During the three and six months ended December 31, 2012 and December 31, 2011 there have been no significant transfers in or out of Level 1, Level 2 and Level 3 classifications.

The valuations of the derivatives intended to mitigate our interest rate and foreign currency risk are determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each instrument. This analysis utilizes observable market-based inputs, including interest rate curves, interest rate volatility, or spot and forward foreign exchange rates, and reflects the contractual terms of these instruments, including the period to maturity. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of December 31, 2012, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

The following table represents the changes in fair value of Level 3 contingent consideration:

	<u>Albumprinter contingent earn-out</u>
Balance at June 30, 2012	\$ 570
Fair value adjustment	(580)
Effect of currency translation adjustments	10
Balance at December 31, 2012	<u>\$ —</u>

The share purchase agreement for our acquisition of Albumprinter Holding B.V. in fiscal 2012 provided for an earn-out payment that is payable based on achieving certain operational results for calendar year 2012. This earn-out is measured at fair value and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. Any changes in the fair value of contingent consideration related to updated assumptions and estimates have been recognized within the consolidated statements of operations in the period of change. As of December 31, 2012, the fair value of the liability was adjusted to zero as the earn-out targets were not achieved and, therefore, no payment will be made.

As of December 31, 2012 and June 30, 2012, the carrying amounts of cash and cash equivalents, receivables, accounts payable, and other current liabilities approximated their estimated fair values. We performed an evaluation of the estimated fair value of our long-term debt and as of December 31, 2012 the fair value approximates the carrying value of the liability. The estimated fair value of our long-term debt was determined using market sources that were derived from available market information and may not be representative of actual values that could have been or will be realized in the future.

#### 4. Derivative Financial Instruments

##### Hedges of Interest Rate Risk

In July 2012, we entered into interest rate swap contracts to manage differences in the amount, timing, and duration of our known or expected cash payments related to our long-term debt. Our objective in using interest rate derivatives is to add stability to interest expense and to manage our exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the derivative agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the three and six months ended December 31, 2012, such derivatives were used to hedge the variable cash flows associated with our long-term debt. If a derivative is deemed to be ineffective, the ineffective portion of the change in fair value of the derivatives is recognized directly in earnings.

During the three and six months ended December 31, 2012, we did not hold any derivative instruments that were determined to be ineffective.

Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are accrued or made on our variable-rate debt. As of December 31, 2012, we estimated that \$173 will be reclassified from accumulated other comprehensive loss to interest expense during the twelve months ending December 31, 2013. As of December 31, 2012, we had the following outstanding interest rate swap contracts that were designated as cash flow hedges of interest rate risk:

Notional (in thousands)	Effective Date	Maturity Date	Number of Instruments	Index
\$100,000	July 31, 2012	Various 2013 - 2016	4	1-month LIBOR

### Hedges of Foreign Currency Risk

In November 2012, we executed foreign currency forward contracts in order to mitigate our exposure to fluctuations in various foreign currencies against our functional currency, the U.S. dollar. We use foreign currency derivatives, specifically currency forward contracts, to manage this exposure. We currently have outstanding foreign currency forward contracts that qualify as cash flow hedges intended to offset the effect of exchange rate fluctuations on our net income. Currency forward agreements involve fixing the exchange rate for delivery of a specified amount of foreign currency on a specified date.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period in which the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three and six months ended December 31, 2012, we did not hold any derivative instruments that were determined to be designated as ineffective. As of December 31, 2012, we estimate that \$319 will be reclassified from accumulated other comprehensive loss to earnings during the twelve months ending December 31, 2013.

As of December 31, 2012, we had the following outstanding foreign currency forward contracts that were used to hedge fluctuations in the US Dollar value of forecasted transactions denominated in Canadian Dollar, Danish Krone, Great British Pound, Swedish Krona, and Swiss Franc:

Notional (in thousands)	Effective Date	Maturity Date	Number of Instruments	Index
\$46,000	November 8, 2012	Various 2013	30	Various

### Financial Instrument Presentation

The table below presents the fair value of our derivative financial instruments as well as their classification on the balance sheet as of December 31, 2012 and June 30, 2012:

Derivative designated as hedging instrument	Asset Derivatives				Liability Derivatives			
	December 31, 2012		June 30, 2012		December 31, 2012		June 30, 2012	
	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value
Interest rate swaps	Other current assets	\$ —		Other current liabilities/other liabilities	\$ 245			\$ —
Foreign currency forward contracts	Other current assets	284		Other current liabilities	603			—
Total derivatives designated as hedging instruments		\$ 284			\$ 848			\$ —

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The following table presents a roll forward of amounts recognized in accumulated other comprehensive loss, net of tax of \$49, related to our derivative financial instruments for the six months ended December 31, 2012:

	Net unrealized loss on derivative instruments
Balance at June 30, 2012	\$ —
Amount of net unrealized loss recognized in accumulated other comprehensive loss	(621)
Amount of net unrealized loss reclassified into earnings	106
Balance as of December 31, 2012	\$ (515)

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification on the consolidated statements of operations for the three and six months ended December 31, 2012:

Derivatives in Hedging Relationships	Amount of Gain or (Loss) Recognized in Comprehensive Income on Derivatives (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income on (Effective Portion)	Amount of Net Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	
	Three months ended	Six months ended		Three months ended	Six months ended
	December 31, 2012	December 31, 2012		December 31, 2012	December 31, 2012
In thousands					
Interest Rate Swaps	\$ 44	\$ (277)	Interest expense	\$ (48)	\$ (81)
Foreign currency contracts that hedge revenue	(651)	(651)	Net Revenue	(47)	(47)
Foreign currency contracts that hedge cost of revenue	82	82	Cost of revenue	11	11
Foreign currency contracts that hedge technology and development expense	210	210	Technology and development expense	9	9
Foreign currency contracts that hedge general and administrative expense	15	15	General and administrative expense	2	2

No comparative information is presented as we did not have any derivative financial instruments during the three and six months ended December 31, 2011.

## 5. Goodwill and Acquired Intangible Assets

### Goodwill

The carrying amount of goodwill by segment as of June 30, 2012 and December 31, 2012 is as follows:

	North America	Europe	Most of World	Total
Balance as of June 30, 2012	\$ 96,469	\$ 43,752	\$ 208	\$ 140,429
Effect of currency translation adjustments (1)	—	1,764	—	1,764
Balance as of December 31, 2012	\$ 96,469	\$ 45,516	\$ 208	\$ 142,193

(1) Relates to goodwill attributable to the Albumprinter acquisition as amounts are denominated in Euro.

### Acquired Intangible Assets

Acquired intangible assets amortization expense was \$2,347 and \$4,630 for three and six months ended December 31, 2012, respectively, and \$1,253 and \$1,357 for the three and six months ended December 31, 2011, respectively.

## 6. Accrued Expenses

Accrued expenses included the following:

	December 31, 2012	June 30, 2012
Advertising costs (1)	\$ 38,715	\$ 21,355
Compensation costs (2)	29,245	32,513
Income and indirect taxes (3)	26,727	12,402
Shipping costs	8,053	4,614
Purchases of property, plant and equipment	4,391	6,952
Professional costs	2,158	2,277
Other	20,959	18,289
Total accrued expenses	<u>\$ 130,248</u>	<u>\$ 98,402</u>

(1) The increase in accrued advertising costs is principally a result of our increased customer acquisition and holiday promotion costs.

(2) The decrease in accrued compensation costs is principally a result of the payment of our fiscal 2012 annual incentive compensation plans in the three months ended September 30, 2012, a lower expected achievement percentage for cash incentive plans in fiscal 2013 as compared to the prior year, and our change in accrual practice described in Note 2.

(3) The increase in accrued income taxes and indirect taxes is principally a result of the timing of payment of indirect taxes and the seasonality of related revenue as well as higher income taxes payable.

## 7. Long-Term Debt

On October 21, 2011, we entered into a senior credit agreement, which we refer to as the credit agreement, with a syndicate of lenders led by JPMorgan Chase Bank, N.A., as administrative agent, that provided for an unsecured revolving credit facility of up to \$250,000 in aggregate loan commitments with letter of credit and swing line loan sublimits of \$25,000 each. On April 13, 2012, we increased the aggregate loan commitments under the credit agreement by \$137,500, to a total of \$387,500, by adding new lenders and increasing the commitments of several existing lenders. We may from time to time, so long as no default or event of default has occurred and is continuing, further increase the loan commitments under the credit agreement by up to \$150,000 by adding new commitments or increasing the commitment of willing lenders. As of December 31, 2012 and June 30, 2012, our long-term debt outstanding was \$230,500 and \$229,000, respectively. The maturity date of the credit agreement is October 21, 2016. All debt principal amounts outstanding under the credit facility as of December 31, 2012 are not due until maturity, October 21, 2016, and have been classified as long-term liabilities.

Long-term borrowings under the facility will bear interest at LIBOR plus 1.25% to 1.50%, depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"). As of December 31, 2012, the weighted-average interest rate on outstanding borrowings was 1.63%. We must also pay a commitment fee on unused balances of 0.175% to 0.225% depending on our leverage ratio.

The credit agreement contains financial and other covenants, including but not limited to (1) limitations on our incurrence of additional indebtedness and liens, the consummation of certain fundamental organizational changes or intercompany activities, investments and restricted payments including purchases of our ordinary shares or payments of dividends, and the amount of consolidated capital expenditures that we may make in each of our fiscal years ending June 30, 2012 through 2016 and (2) financial covenants that:

- our consolidated leverage ratio, which is the ratio of our consolidated indebtedness (\*) to our trailing twelve-month, or TTM, consolidated EBITDA (\*), will not exceed 3.5;
- our consolidated senior leverage ratio, which is the ratio of our consolidated indebtedness that is not subordinated to our indebtedness under the credit agreement to our TTM consolidated EBITDA, will not exceed 2.75; and
- our interest coverage ratio, which is the ratio of our TTM consolidated EBITDA to our TTM consolidated interest expense, will be at least 3.0.

As of December 31, 2012, we were in compliance with all financial covenants under the credit agreement.

(\*) The definitions of EBITDA and consolidated indebtedness are maintained in the credit agreement included as an exhibit to Form 8-K filed on October 26, 2011.

## 8. Income Taxes

Income tax expense increased to \$8,189 and \$8,323 for the three and six months ended December 31, 2012, as compared to \$2,871 and \$4,978 for the same prior year period. The change in the income tax expense as compared to the same prior year period is primarily attributable to the increase in our forecasted annual effective tax rate for fiscal 2013 as compared to fiscal 2012. The increase in the annual effective tax rate from the prior year period is primarily due to higher forecasted tax expense as a result of a change in the jurisdictional mix of our annual forecasted pre-tax earnings and the growth in our operating expenses, which form the basis upon which our cost-based transfer pricing agreements determine pre-tax profits and related income tax expense for most of our subsidiaries. Since our income tax expense is mainly a function of our operating expenses and cost-based transfer pricing methodologies and not a function of consolidated pre-tax income, our effective tax rate will typically vary inversely to changes in our consolidated pre-tax income. In addition, our tax expense for three months ended December 31, 2011 included a benefit from a currency exchange loss recognized by one of our Dutch entities for tax purposes of \$3,095, while our tax expense for the three months ended December 31, 2012 includes a benefit of \$1,918 related to a tax election filed during the period by one of our Canadian entities to file its tax reporting using U.S. Dollars.

As of December 31, 2012, we had a liability for unrecognized tax benefits included in the balance sheet of approximately \$6,131, including accrued interest of \$354. There have been no significant changes to these amounts for the three and six months ended December 31, 2012. Of the total amount of unrecognized tax benefits, approximately \$2,879 will reduce the effective tax rate if recognized. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in the provision for income taxes.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. Generally, the years 2005 through 2012 remain open for examination by the tax authorities.

Two of our subsidiaries, Vistaprint Limited (domiciled in Bermuda) and Vistaprint USA, Incorporated are currently under income tax audit by the United States Internal Revenue Service ("IRS"). On August 16, 2012, Vistaprint Limited received a Revenue Agent's Report ("RAR") from the IRS reflecting tax assessments for the 2007 to 2009 tax years. The issue in dispute is the imposition of U.S. federal income tax on effectively connected income associated with the IRS' assertion that Vistaprint Limited has a U.S. Trade or Business. On September 17, 2012, we submitted to the IRS Examination team a written protest stating our formal disagreement with the facts and technical conclusions presented in the RAR and requesting the case to be heard by the IRS Office of Appeals. As of the filing date of these financial statements, the case has not been officially transferred to the Appeals office, but we anticipate this will happen within the next six months. Based on the technical merits of this matter, we believe that our tax positions will be sustained. We plan to pursue all administrative and, if necessary, judicial remedies with respect to this matter.

In April 2011, Vistaprint USA, Incorporated received an RAR for tax years 2007 to 2010 from the IRS that included one unagreed issue which was included in a formal protest submitted for consideration to the IRS Appeals office. Upon review of this protest and as a result of additional discussion with the field examination team, agreement was reached during the quarter ended June 30, 2012. We anticipate receipt of a revised RAR from the IRS in the third quarter of fiscal 2013 that we expect will conclude this audit and upon this final settlement we do not expect any material impact to our results of operations. During the quarter ended December 31, 2012, the IRS began an audit of the income tax return filed by Vistaprint USA, Incorporated for the tax year 2011. This audit is in the early stage of field examination.

One of our Canadian subsidiaries, Vistaprint North American Services Corp., is currently under federal income tax examination in Canada for tax years 2005 and 2006. During the quarter ended December 31, 2012, we received Notices of Re-assessment for the tax year 2006, adjusting the transfer price for the contract printing services provided to Vistaprint Limited. In response to these Notices of Reassessment, we plan to file Notices of Objection in the next few months to formally request a hearing before Canadian Appeals. Based on the technical merits of this matter, we believe that our tax position will be sustained.

Vistaprint USA, Incorporated and Vistaprint Limited are both currently under income tax audit by the Massachusetts Department of Revenue. The tax years under examination are 2005 to 2008 and 2005 to 2011, respectively. These audits are still at the level of the field examination phase.

We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their technical merits. However, final resolution is uncertain and there is a possibility that it could have a material impact on our financial condition, results of operations or cash flows.

## **9. Investment in Equity Interests**

On July 10, 2012, we acquired an equity interest in Namex Limited and its related companies ("Namex") for \$12,753 in cash and \$500 to be paid on an installment basis through December 31, 2016. Namex includes an established Chinese printing business, and the investment provides us with access to this new market and an opportunity to participate in longer-term growth in China. Our proportionate ownership share as of December 31, 2012 is 34.5%, with additional call options to increase ownership incrementally over the coming eight years, and we are contractually committed to invest approximately \$5,000 on or before October 1, 2013 which will result in an ownership share of approximately 42%.

This investment is accounted for using the equity method. We record in net income a proportionate share of the earnings or losses of Namex with a corresponding increase or decrease in the carrying value of the investment. For the three and six months ended December 31, 2012, we recorded a loss of \$318 and \$443, respectively, attributable to Namex in our consolidated statement of operations. At December 31, 2012, the carrying value of our Namex investment in our consolidated balance sheet was \$13,169. As of December 31, 2012, we have a contractual loan arrangement with the majority shareholder of Namex, resulting in a loan receivable of \$512 that is due with 6.5% per annum interest on or before December 31, 2016.

We have determined that the level of equity investment at risk is not sufficient for the entity to finance its activities without additional financial support and as a result, Namex represents a variable interest entity. However, through consideration of the most significant activities of the entity in conjunction with the collective shareholders' rights of Namex, we have concluded that we do not have the power to direct the activities that most significantly impact the entity's economic performance, and therefore we do not qualify as the primary beneficiary. We have a future contractual funding commitment to Namex of \$5,000, but our exposure to loss is limited to our contributed capital, the additional funding obligation, and the standard risks of proportionate equity ownership associated with the entity's operating performance.

We do not have any other material commercial arrangements with Namex as of December 31, 2012.

## **10. Segment Information**

Effective July 1, 2012, we changed our internal reporting structure to re-organize primarily on a functional basis in order to best support our long-term growth strategy. This re-organization has resulted in revised allocations of costs within our reportable segments. The information is reported internally to our Chief Executive Officer, who constitutes our Chief Operating Decision Maker ("CODM") for purposes of making decisions about how to allocate resources and assess performance. Beginning the quarter ended September 30, 2012, the CODM reviews revenue and the revised income or loss from operations based on three geographic operating segments: North America, Europe, and Most of World, which includes our historical Asia Pacific business and global emerging markets. Historic results included in this quarterly report have been reclassified where applicable to conform to this new operating segment structure.

Consistent with our historical reporting, the costs associated with shared central functions are not allocated to the reporting segments and instead are reported and disclosed under the caption "Corporate and global functions," which includes expenses related to corporate support functions, software and manufacturing engineering, and the global component of our IT operations and customer service, sales and design support. As a result of our July 1, 2012 re-organization, the cost of our North America and Europe legal, human resource, and facilities management functions were re-classified to "Corporate and global functions," whereas, the cost of these same functions remains in our Most of World segment. We do not allocate non-operating income to our segment results. There are no internal revenue transactions between our reporting segments and all intersegment transfers are recorded at cost for presentation to the CODM, for example, products manufactured by our Venlo, the Netherlands facility for the Most of World segment; therefore, there is no intercompany profit or loss recognized on

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these transactions. At this time, we do not fully allocate support costs across operating segments or corporate and global functions, which may limit the comparability of income from operations by segment.

Revenue by segment and geography is based on the country-specific website through which the customer's order was transacted. The following tables set forth revenue and income from operations by operating segment.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Revenue:				
North America	\$ 167,511	\$ 139,807	\$ 311,749	\$ 258,498
Europe	159,339	143,048	249,052	223,027
Most of World	21,462	17,007	38,927	30,697
Total revenue	\$ 348,312	\$ 299,862	\$ 599,728	\$ 512,222

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Income from operations:				
North America	\$ 55,361	\$ 44,141	\$ 97,101	\$ 78,811
Europe	39,440	39,368	56,429	60,896
Most of World	(88)	1,670	(1,872)	3,421
Corporate and global functions	(61,672)	(52,637)	(118,383)	(100,840)
Total income from operations	\$ 33,041	\$ 32,542	\$ 33,275	\$ 42,288

The following tables set forth long-lived assets by geographic area:

	December 31,	June 30,
	2012	2012
Long-lived assets (1):		
Netherlands	\$ 129,238	\$ 109,498
Canada	96,494	98,071
Australia	42,824	42,928
United States	36,174	34,673
Jamaica	26,875	22,614
Bermuda	18,769	17,933
Switzerland	4,892	5,112
India	4,680	1,206
Spain	1,485	1,577
Other	4,189	2,463
Total	\$ 365,620	\$ 336,075

(1) Excludes goodwill of \$142,193 and \$140,429 and deferred tax assets of \$333 and \$327 as of December 31, 2012 and June 30, 2012, respectively, and the investment in equity interests of \$13,169 as of December 31, 2012.

## 11. Commitments and Contingencies

### Purchase Obligations

At December 31, 2012, we had unrecorded commitments under contract of \$20,155, which were principally composed of site development and construction for the expansion of our Venlo, the Netherlands manufacturing facility of approximately \$2,890, production and computer equipment purchases of approximately \$5,028, and other unrecorded purchase commitments of \$12,237.

### *Other Obligations*

We have an outstanding installment obligation of \$20,818 related to the fiscal 2012 intra-entity transfer of Webs' Intellectual Property, which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of December 31, 2012. In addition, we have a \$5,000 funding obligation associated with our investment in Namex payable on or before October 1, 2013.

### *Legal Proceedings*

We are not currently party to any material legal proceedings. Although we cannot predict with certainty the results of litigation and claims to which we may be subject from time to time, we do not expect the resolution of any of our current matters to have a material adverse impact on our consolidated results of operations, cash flows or financial position. In all cases, at each reporting period, we evaluate whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. We expense the costs relating to our legal proceedings as those costs are incurred.

## **12. Subsequent Event**

Effective January 28, 2013, 5,869,662 of our ordinary shares issued and held in our treasury account were canceled and have become authorized but unissued ordinary shares, as authorized by our shareholders on November 8, 2012. These represent the shares we held in treasury before we redomiciled our publicly traded parent company from Bermuda to the Netherlands in August 2009.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*This Report contains forward-looking statements that involve risks and uncertainties. The statements contained in this Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including but not limited to our statements about anticipated income and revenue growth rates, future profitability and market share, new and expanded products and services, geographic expansion and planned capital expenditures. Without limiting the foregoing, the words "may," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "designed," "potential," "continue," "target," "seek" and similar expressions are intended to identify forward-looking statements. All forward-looking statements included in this Report are based on information available to us up to, and including the date of this document, and we disclaim any obligation to update any such forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those set forth in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and elsewhere in this Report. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the United States Securities and Exchange Commission.*

### **Executive Overview**

For the three and six months ended December 31, 2012, we reported revenue of \$348.3 million and \$599.7 million, respectively, representing 16% and 17% revenue growth over the same period in the prior year. Constant-currency revenue growth was 17% and 19% for the three and six months ended December 31, 2012. Constant-currency organic revenue growth, which excludes the impact of acquisitions, was 14% for both the three and six months ended December 31, 2012. Our organic constant-currency growth in the first six months of fiscal 2013 was lower than our recent trends, and reflects a contrast of regional executional performance. North America and Most of World ("MOW") delivered strong growth, while European organic constant-currency growth was 6% representing a significant decline as compared to prior periods. Revenue from acquisitions contributed approximately 5% to our overall revenue growth during the six month period.

Our second quarter has historically been our strongest revenue and earnings period during the course of a fiscal year, due to the sale of seasonal products such as holiday cards, calendars, and photo books. This typical seasonality was a significant driver of our stronger revenue performance in the second quarter of fiscal 2013 compared to the first quarter of fiscal 2013. Revenue from seasonal products, which was a material portion of our

total revenue in the second quarter of fiscal 2013, does not repeat during other quarters of our fiscal year although we have historically benefited from the higher rate of new customers acquired during the holiday season.

Despite the growth in our consolidated revenue and continued share repurchases, diluted earnings per share ("EPS") for the three and six months ended December 31, 2012 declined 20% and 38%, respectively, from the same prior year period to \$0.66 and \$0.61. This decline was primarily due to planned investments we made in support of our long-term growth strategy including increased investment levels in our organic business such as advertising and other marketing expenditures in support of new and repeat customer growth, technology and development resources in support of our customer value proposition and manufacturing, and supply chain efficiency efforts. In addition, we continued to invest in our employee base and expansion in key departments, including additional resources in our MOW business unit to develop and implement our long-term strategy for emerging markets. Our fiscal 2012 acquisitions of Albumprinter Holding B.V. and Webs, Inc. and fiscal 2013 indirect equity investment in Namex continued to be dilutive to our earnings with share-based compensation, amortization expense and our loss from equity interests totaling \$4.8 million and \$9.3 million in the three and six months ended December 31, 2012, respectively.

On July 28, 2011, we introduced five-year organic revenue and EPS targets, along with an evolved financial and investment strategy to achieve our goals. We are in the midst of executing this strategy and have made significant progress in many of our strategic initiatives. However, the continuing weakness of our performance in Europe in recent quarters has put significant pressure on our ability to achieve our 2016 revenue target. We continue to target our 2016 net income goal, as we believe we have many levers to help us minimize the impact of our weaker revenue outlook on net income. We believe we can achieve profit growth through a mix of the expected benefits of our strategy execution combined with a series of investment tradeoffs, improvements to our organizational effectiveness, advertising optimization and careful expense management. We believe that achieving our net income objectives will help position us to deliver longer-term value to our shareholders.

Over the last 16 years, we have grown to become a leader in the large and fragmented market for small business marketing solutions. We have built significant competitive advantages via our marketing approach, proprietary technology, and manufacturing expertise. We have driven strong growth and developed substantial scale advantage by executing on our core strengths in mass customization technologies and by introducing an unmatched breadth of small business marketing products. We believe we are well positioned to capitalize on our past success in order to capture more of the large market opportunity we see ahead of us. To do so, we have adopted an investment approach designed to support our ability to scale faster and drive significant long-term shareholder returns.

Our long-term goal is to be the leading online provider of micro business marketing solutions for businesses or organizations with fewer than 10 employees. Additionally, we plan to continue to focus on key market adjacencies where we believe we can drive additional long-term growth by employing our unique business model and customer value proposition. These adjacencies include digital marketing services, new geographic markets, personalized products for home and family usage, and up-market customers.

The strategy for growth in our core micro business marketing opportunity is to make investments and drive success in the following areas:

- *Customer Value Proposition.* We believe our average customers currently spend only a small portion of their annual budget for marketing products and services with us. By shifting our success metrics from transactionally focused profit measures to longer-term customer satisfaction and economic measures, we believe we can deliver improvements to our customer experience and value proposition that will significantly increase customer loyalty and lifetime value. Examples of these programs include improving the customer experience on our site, such as ease of use, less cross selling before customers reach the checkout, and expanded customer service.
- *Lifetime Value Based Marketing.* We have traditionally acquired customers by targeting micro businesses who are already shopping online through marketing channels such as search marketing, email marketing, and other online advertising. We believe a significant portion of micro businesses in our core markets do not currently use online providers of marketing services. By investing more deeply into existing marketing channels, as well as opening up new channels such as television broadcast and direct mail, we believe we can drive continued new customer growth and reach offline audiences that are not currently looking to online partners for marketing needs.

- *World Class Manufacturing.* We believe our manufacturing processes are best-in-class when it comes to the printing industry. But when compared to the best manufacturing companies in the world, we believe there is significant opportunity to drive further efficiencies and competitive advantages. By focusing additional top engineering talent on key process approaches, we believe we can make a step-function improvement in product quality and reliability, and significantly lower unit manufacturing costs.

Our strategy to drive longer-term growth by addressing market adjacencies is to develop our business in the following areas:

- *Digital Marketing Services.* We estimate that less than 50% of micro businesses have a website today, but digital marketing services, including websites, email marketing, online search marketing and social media marketing, are a fast-growing part of the small business marketing space. We believe there is great value in helping customers understand the powerful ways in which physical and digital marketing can be combined. Our current digital offering includes websites, email marketing, local search visibility, blogs, search engine optimization, and personalized email domain names. Since we launched digital marketing services in April 2008, our number of unique paying organic digital subscribers has grown to approximately 357,000. In fiscal 2012, we acquired Webs to significantly expand our ability to develop and deliver innovative, customer-focused online marketing solutions. At acquisition, Webs had a base of approximately 100,000 paying customers, as well as millions of non-paying users of its products that has continued to grow.
- *Geographies outside North America and Europe.* For the three and six months ended December 31, 2012, revenue generated outside of North America and Europe accounted for approximately 6% of our total revenue. We believe that we have significant opportunities to expand our revenue both in the countries we currently serve and in new markets. We intend to further extend our geographic reach by continuing to introduce localized websites in additional countries and languages, expanding our marketing efforts and customer service capabilities, and offering graphic design content, products, payment methodologies and languages specific to local markets. To support our expansion into global emerging markets, during fiscal 2012 we opened offices in Singapore and Mumbai, India and acquired assets of Printbell, an India based printing business. More recently we made an indirect minority investment in a Chinese printing business in July 2012 and completed the launch of our new website and manufacturing facility in India in September 2012.
- *Home and Family.* Although we expect to maintain our primary focus on micro business marketing products and services, we also participate in the market for customized home and family products such as invitations, announcements, calendars, holiday cards, embroidered products, and apparel. We continue to add new products and services targeted at the home and family market. We believe that the economies of scale provided by cross sales of these products to our extensive micro business customer base, our large production order volumes and our integrated design and production software and facilities support and will continue to support our effort to profitably grow our home and family business. During fiscal 2012, we acquired Albumprinter, a leading provider of photo books and other photo products to the home and family market in Europe, and launched a strategic partnership with Nickelodeon to offer licensed character content to Vistaprint customers.
- *Up-market Customers.* We serve customers across the spectrum of micro businesses with fewer than 10 employees, but our strength has traditionally been in the smallest and most price sensitive of these customers. In comparison to our customer base, which is concentrated in businesses with 2 or fewer employees, the micro businesses in the “up-market” portion of this spectrum tend to have more sophisticated marketing needs and typically spend more per year on their marketing activities. We believe that as we continue to research customer needs and make customer value proposition improvements for our traditional core customer base, we will develop a stronger ability to focus on “up-market” small business customers. We expect this adjacency can serve as a driver of growth in future years.

## Results of Operations

The following table presents our operating results for the periods indicated as a percentage of revenue:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
<b>As a percentage of revenue:</b>				
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	32.8 %	33.2 %	33.7 %	34.7 %
Technology and development expense	11.5 %	9.9 %	13.0 %	11.0 %
Marketing and selling expense	38.6 %	36.9 %	39.1 %	36.5 %
General and administrative expense	7.6 %	9.1 %	8.7 %	9.5 %
Income from operations	9.5 %	10.9 %	5.5 %	8.3 %
Other (expense) income, net	(0.1)%	0.7 %	(0.1)%	0.6 %
Interest expense, net	(0.4)%	(0.1)%	(0.4)%	(0.1)%
Income before income taxes and loss in equity interests	9.0 %	11.5 %	5.0 %	8.8 %
Income tax provision	2.3 %	0.9 %	1.4 %	1.0 %
Loss in equity interests	(0.1)%	— %	(0.1)%	— %
Net income	6.6 %	10.6 %	3.5 %	7.8 %

*In thousands*

	Three Months Ended December 31,			Six Months Ended December 31,		
	2012	2011	2012 vs. 2011	2012	2011	2012 vs. 2011
<b>Revenue</b>	\$ 348,312	\$ 299,862	16%	\$ 599,728	\$ 512,222	17%

### Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and the provision of digital services, website design and hosting, email marketing services, as well as a small percentage from order referral fees and other third-party offerings.

We seek to increase our revenue by increasing the number of customers who purchase from us (“unique active customers”), as well as the amount our customers spend on our offerings (“average bookings per unique active customer”). We use the combination of unique active customers and average bookings per unique active customer to describe our revenue performance as this approach is aligned with the way we manage our business and our efforts to increase our revenue. We believe that metrics relating to our unique active customers and average bookings per unique active customer offer shareholders a useful means of assessing our execution against our strategy. Because changes in one of these metrics may be offset by changes in the other metric, no single factor is determinative of our revenue and profitability trends, and we assess them together to understand their overall impact on revenue and profitability. A number of factors influence our ability to drive increases in these metrics:

- *Unique active customers.* The unique active customer count is the number of individual customers who purchased from us in a given period, with no regard to the frequency of purchase. For example, if a single customer makes two distinct purchases within a twelve-month period, that customer is tallied only once in the unique active customer count. We determine the uniqueness of a customer by looking at certain customer data. Unique active customers are driven by both the number of new customers we acquire, as well as our ability to retain customers after their first purchase. During our early growth phase, we focused more resources on the acquisition of new customers through the value of our offering and our broad-based marketing efforts targeted at the mass market for micro business customers. As we have grown larger, our acquisition focus has been supplemented with expanded retention efforts, such as email offers, customer service, and expanding our product offering. Our unique active customer count has grown significantly over the years, and we expect it will continue to grow as we see additional opportunity to drive both new

customer acquisitions as well as increased retention rates. A retained customer is any unique customer in a specific period who has also purchased in any prior period.

- *Average bookings per unique active customer.* Average bookings per unique active customer is total bookings, which represents the value of total customer orders received on our websites, for a given period of time divided by the total number of unique active customers who purchased during that same period of time. We seek to increase average bookings per unique active customer as a means of increasing revenue. Average bookings per unique active customer are influenced by the frequency that a customer purchases from us, the number of products and feature upgrades a customer purchases in a given period, as well as the mix of tenured customers versus new customers within the unique active customer count, as tenured customers tend to purchase more than new customers. Average bookings per unique active customer have grown over a multi-year period, though they do sometimes fluctuate from one quarter to the next depending upon the type of products we promote during a period and promotional discounts we offer. For example, among other things, seasonal product offerings, such as holiday cards, can cause changes in bookings per customer in our second fiscal quarter ended December 31.

Revenue for the three months ended December 31, 2012 increased 16% to \$348.3 million compared to the three months ended December 31, 2011 due to increases in sales across our product and service offerings in all of our organic geographies, as well as revenue from the Albumprinter and Webs businesses which we acquired in the second quarter of fiscal 2012 and were included for only a portion of the prior year period results. The overall growth during this period was due to increases in the number of unique active customers, both new customer additions and repeat customers. The stronger U.S. dollar negatively impacted our revenue growth by an estimated 100 basis points in the three months ended December 31, 2012, as compared to the prior year period.

Revenue for the six months ended December 31, 2012 increased 17% to \$599.7 million compared to the six months ended December 31, 2011 due to increases in sales across our product and service offerings in our organic business, as well as revenue from the Albumprinter and Webs businesses which did not materially contribute to the results of the first six months of fiscal 2012. Our organic European business is experiencing difficulty in executing its marketing strategy, delivering just 6% constant-currency revenue growth in the six months ended December 31, 2012 as compared to the prior comparative period. We expect our European revenue growth rate to remain below historical trends and other geographies for at least the remainder of fiscal 2013 as we work to improve our performance. The stronger U.S. dollar negatively impacted our revenue growth by an estimated 200 basis points in the six months ended December 31, 2012, as compared to the prior year period.

In addition to the drivers of our quarterly revenue performance, we monitor unique active customers and average bookings per unique active customer on a trailing twelve-month basis. The overall growth during this period was driven by increases in the number of unique active customers, which grew by 19% to approximately 15.4 million. New customer additions and repeat customers both contributed to the increased order volume, which out-weighed the decrease in our average order booking per unique active customer. The following table summarizes our operational revenue metrics, excluding acquisitions, for the three months ended December 31, 2012 and 2011:

	TTM Ended December 31,		
	2012	2011	% Increase/(Decrease)
Unique active customers	15.4 million	12.9 million	19 %
<i>New customers</i>	10.0 million	8.4 million	19 %
<i>Retained customers</i>	5.4 million	4.5 million	20 %
Average bookings per unique active customer	\$ 67	\$ 71	(6)%
<i>New customers</i>	\$ 50	\$ 53	(6)%
<i>Retained customers</i>	\$ 97	\$ 100	(3)%

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Total revenue by geographic segment for the three and six months ended December 31, 2012 and 2011 is shown in the following table:

*In thousands*

	Three Months Ended December 31,			Currency Impact: (Favorable)/Unfavorable	Constant-Currency Revenue Growth (1)	Impact of Acquisitions: (Favorable)/Unfavorable	Constant-Currency Organic Revenue Growth (1)
	2012	2011	% Change				
North America	\$ 167,511	\$ 139,807	20%	—%	20%	(2)%	18%
Europe	159,339	143,048	11%	3%	14%	(5)%	9%
Most of World	21,462	17,007	26%	(2)%	24%	—%	24%
Total revenue	\$ 348,312	\$ 299,862	16%	1%	17%	(3)%	14%

	Six Months Ended December 31,			Currency Impact: (Favorable)/Unfavorable	Constant-Currency Revenue Growth (1)	Impact of Acquisitions: (Favorable)/Unfavorable	Constant-Currency Organic Revenue Growth (1)
	2012	2011	% Change				
North America	\$ 311,749	\$ 258,498	21%	—%	21%	(3)%	18%
Europe	249,052	223,027	12%	5%	17%	(11)%	6%
Most of World	38,927	30,697	27%	(1)%	26%	—%	26%
Total revenue	\$ 599,728	\$ 512,222	17%	2%	19%	(5)%	14%

(1) Constant-currency revenue growth, a non-GAAP financial measure, represents the change in total revenue between current and prior year periods at constant-currency exchange rates by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar and excludes the impact of gains or losses on effective foreign currency hedges recognized in revenue. Constant-currency organic revenue growth also excludes the impact of revenue from acquisitions. We have provided these non-GAAP financial measures because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP.

The following table summarizes our comparative operating expenses for the period:

*In thousands*

	Three Months Ended December 31,			Six Months Ended December 31,		
	2012	2011	2012 vs. 2011	2012	2011	2012 vs. 2011
<b>Cost of revenue</b>	\$ 114,150	\$ 99,661	15%	\$ 202,177	\$ 177,725	14%
<i>% of revenue</i>	32.8%	33.2%		33.7%	34.7%	
<b>Technology and development expense</b>	\$ 40,045	\$ 29,792	34%	\$ 77,702	\$ 56,466	38%
<i>% of revenue</i>	11.5%	9.9%		13.0%	11.0%	
<b>Marketing and selling expense</b>	\$ 134,364	\$ 110,644	21%	\$ 234,361	\$ 186,988	25%
<i>% of revenue</i>	38.6%	36.9%		39.1%	36.5%	
<b>General and administrative expense</b>	\$ 26,712	\$ 27,223	(2)%	\$ 52,213	\$ 48,755	7%
<i>% of revenue</i>	7.6%	9.1%		8.7%	9.5%	

*Cost of revenue*

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production costs, production of costs of free products and other related costs of products sold by us.

The increase in cost of revenue from the comparative period in 2011 to the three and six months ended December 31, 2012 was primarily attributable to the increased volume of product shipments during the current year period, including those from Albumprinter. The decrease in cost of revenue, as a percentage of total revenue, from the three and six months ended December 31, 2011 to 2012 is due to improved overhead absorption as a result of higher product sales, increased labor and production efficiency, and improvements in our materials sourcing, offset by higher materials costs for upgraded substrate quality in line with our strategy. In addition, the decrease in cost of revenue, as a percentage of total revenue for the six month period ended December 31, 2012, includes a benefit from a non-cash gain substantially recognized in the first quarter related to a free piece of equipment.

#### *Technology and development expense*

Technology and development expense consists primarily of payroll and related expenses for our employees engaged in software and manufacturing engineering, information technology operations, content development, amortization of capitalized software, website development costs and certain acquired intangible assets, including developed technology, hosting of our websites, asset depreciation, patent amortization, legal settlements in connection with patent-related claims, and other technology infrastructure-related costs. Depreciation expense for information technology equipment that directly supports the delivery of our digital marketing services products is included in cost of revenue.

The growth in our technology and development expenses of \$10.3 million and \$21.2 million for the three and six months ended December 31, 2012, respectively, as compared to the prior comparative periods was primarily due to increased payroll and facility-related costs of \$7.5 million and \$15.2 million, respectively, due to increased headcount in our technology development and information technology support organizations. At December 31, 2012, we employed 741 employees in these organizations compared to 535 employees at December 31, 2011. Share-based compensation increased by \$1.5 million and \$2.9 million, respectively, as compared to the prior comparative period. In addition, other technology and development expenses increased \$0.4 million and \$1.3 million for the three and six months ended December 31, 2012, respectively, as compared to the prior comparative periods due to increased employee travel and training costs, recruitment costs, and increased depreciation, hosting services, and other costs related to continued investment in our website infrastructure offset by decreased amortization expense of capitalized software costs due to our change in accounting estimate related to capitalized software costs as discussed in Note 2 of the accompanying consolidated financial statements. The three and six months ended December 31, 2012 include \$0.9 million and \$1.8 million, respectively, of additional amortization of acquired developed technology assets from the acquisitions of Albumprinter and Webs as compared to fiscal 2012.

#### *Marketing and selling expense*

Marketing and selling expense consists primarily of advertising and promotional costs; payroll and related expenses for our employees engaged in marketing, sales, customer support and public relations activities; amortization of certain acquired intangible assets, including customer relationships and trade names; and third-party payment processing fees.

The increase in our marketing and selling expenses of \$23.7 million and \$47.4 million for the three and six months ended December 31, 2012, respectively, as compared to the prior comparative periods was driven primarily by increases of \$15.1 million and \$28.5 million, respectively, in advertising costs and commissions related to new customer acquisition and costs of promotions targeted at our existing customer base, an integral component of our long-term growth strategy. We continued to expand our marketing organization and our customer service, sales and design support centers and at December 31, 2012, we employed 1,678 employees in these organizations compared to 1,355 employees at December 31, 2011, resulting in increased payroll and facility-related costs when compared to prior periods of \$6.0 million and \$12.7 million, respectively. For the three and six months ended December 31, 2012, share-based compensation costs increased \$1.1 million and \$2.1 million, respectively, as compared to the prior comparative periods while other marketing and selling expenses also increased by \$1.3 million and \$2.6 million, respectively, due to increased depreciation costs, payment processing fees, and professional fees. Furthermore, the first three and six months of fiscal 2013 include additional amortization expense from acquired customer and brand name intangible assets of \$0.2 million and \$1.5 million, respectively, related to the acquisitions of Albumprinter and Webs as compared to the same periods in fiscal 2012.

*General and administrative expense*

General and administrative expense consists primarily of general corporate costs, including third-party professional fees, insurance and payroll and related expenses of employees involved in executive management, finance, legal, and human resources.

During the three months ended December 31, 2012, our general and administrative expenses decreased as compared to the prior period by \$0.5 million, primarily due to decreased third party professional fees of \$2.1 million. These decreased costs were offset by our continued investment in our executive management, finance, legal and human resource organizations, resulting in increased payroll and facility related costs \$0.8 million and share-based compensation of \$0.8 million. At December 31, 2012, we employed 405 employees in these organizations compared to 324 employees at December 31, 2011.

The increase in our general and administrative expenses of \$3.5 million for the six months ended December 31, 2012 as compared to the same prior year period, was primarily due to increased payroll and facility-related costs of \$4.5 million, which is inclusive of \$2.0 million of increased share-based compensation expense, as a result of our continued investment in our executive management, finance, legal and human resource organizations including share awards that are expensed using an accelerated attribution method as compared to historical awards. These payroll related increases were offset by a \$1.4 million decrease in professional fees, as the fiscal 2012 comparable period included transaction costs associated with our Albumprinter and Webs acquisitions, as well as expenses associated with a patent infringement trial, which did not recur in fiscal 2013. Other general and administrative expenses also increased by \$0.4 million due to increased employee travel and training costs.

*Other (expense) income, net*

Other (expense) income, net, primarily consists of gains and losses from currency exchange rate fluctuations on transactions or balances denominated in currencies other than the functional currency of our subsidiaries. Foreign currency transaction activity was \$0.3 million and \$0.8 million of expense for the three and six months ended December 31, 2012, as compared to \$2.4 million and \$2.9 million of income for the same prior year period. The decrease is primarily related to a gain in the prior year periods from Euro currency transactions relating to the funding of the Albumprinter acquisition.

*Interest expense, net*

Interest expense, net, which consists of interest paid to financial institutions on outstanding balances on our credit facilities and amortization of debt issuance costs offset by interest income, increased to \$1.3 million and \$2.4 million for the three and six months ended December 31, 2012 as compared to \$0.4 million and \$0.3 million for the three and six months ended December 31, 2011, respectively. The increase in interest expense, net in the current period as compared to the prior year periods is a result of increased borrowings under our revolving credit facility, which was initiated in October 2011.

*Income tax provision*

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
<b>Income tax provision</b>	\$ 8,189	\$ 2,871	\$ 8,323	\$ 4,978
<i>Effective tax rate</i>	26.0%	8.3%	27.7%	11.1%

Income tax expense increased to \$8.2 million and \$8.3 million for the three and six months ended December 31, 2012 as compared to \$2.9 million and \$5.0 million for the same prior year period. The change in the income tax expense as compared to the same prior year period is primarily attributable to the increase in our forecasted annual effective tax rate for fiscal 2013 as compared to fiscal 2012. The increase in the annual effective tax rate from the prior year period is primarily due to higher forecasted tax expense as a result of a change in the jurisdictional mix of our annual forecasted pre-tax earnings and the growth in our operating expenses, which form the basis upon which our cost-based transfer pricing agreements determine pre-tax profits and related income tax expense for most of our subsidiaries. Since our income tax expense is mainly a function of our operating expenses and cost-based transfer pricing methodologies and not a function of consolidated pre-tax income, our effective tax rate will typically vary inversely to changes in our consolidated pre-tax income. In addition, our tax expense for three months ended December 31, 2011 included a benefit from a currency exchange loss recognized by one of our

Dutch entities for tax purposes of \$3.1 million, while our tax expense for the three months ended December 31, 2012 includes a benefit of \$1.9 million related to a tax election filed during the period by one of our Canadian entities to file its tax reporting using U.S. Dollars.

We are currently under income tax audits in various jurisdictions. We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their technical merits. However, final resolution is uncertain and there is a possibility that it could have a material impact on our financial condition, results of operations or cash flows. See Note 8 in our accompanying financial statements for additional discussion.

#### *Loss in Equity Interest*

In July 2013, we made an indirect investment in a Chinese printing business for a 34.5% proportionate ownership. Our share of the loss for the three and six months ended December 31, 2012 was \$0.3 million and \$0.4 million, respectively. See Note 9 in our accompanying consolidated financial statements for additional discussion.

### **Liquidity and Capital Resources**

#### **Consolidated Statements of Cash Flows Data:**

*In thousands*

	Six Months Ended December 31,	
	2012	2011
Net cash provided by operating activities	\$ 95,183	\$ 111,680
Net cash used in investing activities	(70,393)	(211,760)
Net cash used in financing activities	(23,691)	(66,095)

At December 31, 2012, we had \$64.7 million of cash and cash equivalents and \$230.5 million of long-term debt. Cash and cash equivalents increased \$2.5 million during the six months ended December 31, 2012. The cash flows during six months ended December 31, 2012 related primarily to the following items:

#### *Cash inflows:*

- Net income of \$21.3 million;
- Positive adjustments to accrual based net income for non-cash items of \$42.8 million primarily related to depreciation and amortization of \$30.8 million and share-based compensation costs of \$16.6 million;
- Proceeds from borrowing of long-term debt of \$55.2 million; and
- Increase from changes in working capital balances of \$31.1 million.

#### *Cash outflows:*

- Capital expenditures of \$55.4 million of which \$29.9 million were related to the construction of facilities, \$14.9 million were related to the purchase of manufacturing and automation equipment for our production facilities, and \$10.6 million were related to purchases of other assets, including information technology infrastructure and office equipment;
- Repayments of long-term debt of \$53.9 million;
- Purchases of our ordinary shares of \$24.8 million;
- Our indirect investment in Namex of \$12.8 million; and
- Internal costs for software and website development that we have capitalized of \$3.1 million.

*Additional Liquidity and Capital Resources Information.* During the six months ended December 31, 2012, we financed our operations, strategic investments in capital expenditures, ordinary share purchases and equity

investments primarily through internally generated cash flows from operations. Due to our recent investments, our current liabilities continue to exceed our current assets; however, we believe that our available cash, cash flows generated from operations, and our debt financing capacity will be sufficient to satisfy our working capital and planned investments to support our long-term growth strategy, including capital expenditure requirements, for the foreseeable future. We currently plan to invest approximately \$85 million to \$95 million on total capital expenditures in fiscal 2013, of which we have currently invested \$55.4 million to date, which represents a substantial increase from fiscal 2012 primarily due to the expansion of our manufacturing capacity in Europe and India and the purchase of other IT and manufacturing equipment required to support our long-term growth strategy.

*Long-term Debt.* On October 21, 2011, we entered into a senior credit agreement with a syndicate of lenders led by JPMorgan Chase Bank, N.A., as administrative agent, that provides for an unsecured revolving credit facility of up to \$250.0 million in aggregate loan commitments, with letter of credit and swing line loan sublimits of \$25.0 million each. On April 13, 2012, we increased the aggregate loan commitments under the credit agreement by \$137.5 million, to a total of \$387.5 million, by adding new lenders and increasing the commitments of several existing lenders. We may from time to time, so long as no default or event of default has occurred and is continuing, further increase the loan commitments under the credit agreement by up to \$150.0 million by adding new commitments or increasing the commitment of willing lenders. The maturity date of the credit agreement is October 21, 2016. In order to mitigate our exposure to interest rate variability, in July 2012 we executed interest rate swap contracts to fix our interest payments on \$100.0 million of our outstanding debt with varying maturities. See Note 4 in our accompanying consolidated financial statements for additional discussion.

In the next twelve months we may use, as needed, our revolving credit facility or additional sources of borrowings in order to fund our ongoing operations, repurchase our ordinary shares, or support our long-term growth. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. The amount available for borrowing under our credit facility as of December 31, 2012 is as follows:

	December 31, 2012
Maximum aggregate available borrowing amounts	\$ 387,500
Outstanding borrowings of credit facility	230,500
Remaining amount	157,000
Limitations to borrowing due to debt covenants and other obligations (1)	(31,915)
Amount available for borrowing as of December 31, 2012	\$ 125,085

(1) Our borrowing ability can be limited by our debt covenants each quarter. These covenants may limit our borrowing capacity depending on our leverage, other indebtedness, such as installment obligations and letters of credit, and other factors that are outlined in the credit agreement filed as an exhibit in our Form 8-K filed on October 26, 2011.

*Debt Covenants.* Our credit agreement contains financial and other covenants, including but not limited to (1) limitations on our incurrence of additional indebtedness and liens, the consummation of certain fundamental organizational changes or intercompany activities, investments and restricted payments including purchases of our ordinary shares or payments of dividends, and the amount of consolidated capital expenditures that we may make in each of our fiscal years ending June 30, 2012 through 2016 and (2) financial covenants that our:

- consolidated leverage ratio, which is the ratio of our consolidated indebtedness (\*) to our trailing twelve-month, or TTM, consolidated EBITDA (\*), will not exceed 3.5;
- consolidated senior leverage ratio, which is the ratio of our consolidated indebtedness that is not subordinated to our indebtedness under the credit agreement to our TTM consolidated EBITDA, will not exceed 2.75; and
- interest coverage ratio, which is the ratio of our TTM consolidated EBITDA to our TTM consolidated interest expense, will be at least 3.0.

At December 31, 2012, we were in compliance with all financial and other covenants under the credit agreement in effect at that time.

(\*) The definitions of EBITDA and consolidated indebtedness are maintained in the credit agreement included as an exhibit to Form 8-K filed on October 26, 2011.

## Contractual Obligations

Contractual obligations at December 31, 2012 are as follows:

*In thousands*

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	\$ 48,999	\$ 12,632	\$ 20,807	\$ 13,382	\$ 2,178
Purchase obligations	20,155	20,155	—	—	—
Long-term debt obligations	246,511	4,297	8,398	233,816	—
Other obligations	25,818	8,194	6,501	6,656	4,467
Total (1)	\$ 341,483	\$ 45,278	\$ 35,706	\$ 253,854	\$ 6,645

(1) We may be required to make cash outlays related to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of \$6.1 million as of December 31, 2012 have been excluded from the contractual obligations table above. For further information on unrecognized tax benefits, see Note 8 to the accompanying consolidated financial statements.

**Operating Leases.** We rent office space under operating leases expiring on various dates through 2018. Future rental payments required under our leases are an aggregate of approximately \$49.0 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and a letter of credit in the amount of \$1.8 million and \$0.9 million, respectively.

**Purchase Obligations.** At December 31, 2012, we had unrecorded commitments under contract of \$20.2 million, which were principally composed of the site development and construction for the expansion of our Venlo, the Netherlands manufacturing facility of \$2.9 million, production and computer equipment purchases of approximately \$5.0 million, and other unrecorded purchase commitments of \$12.2 million.

**Long-Term Debt.** Amounts outstanding are due at maturity of our credit facility on October 21, 2016. Interest payable included in this table is based on the interest rate as of December 31, 2012 and assumes all amounts outstanding will not be paid until maturity.

**Other Obligations.** Includes an installment obligation of \$20.8 million related to the fiscal 2012 intra-entity transfer of Webs' Intellectual Property, which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of December 31, 2012. Also included is a \$5.0 million additional funding obligation due to our investment in Namex which is payable on or before October 1, 2013.

## Recently Issued or Adopted Accounting Pronouncements

None.

## Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). To apply these principles, we must make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. In some instances, we reasonably could have used different accounting estimates and, in other instances, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. We base our estimates and judgments on historical experience and other assumptions that we believe to be reasonable at the time under the circumstances, and we evaluate these estimates and judgments on an ongoing basis. We refer to accounting estimates and judgments of this type as critical accounting policies and estimates.

As of July 1, 2012, we revised the estimated useful life of our capitalized software and website developments costs from 2 to 3 years based on an evaluation of historical trends, the period of benefit of past projects, and our current project portfolio. This change in estimated useful life increased our pre-tax income for the

three and six months ended December 31, 2012, by approximately \$0.7 million and \$1.4 million, respectively, when compared to the historical estimated useful life and could have a material impact in the future.

During the three months ended December 31, 2012, we revised our interim accrual practice for cash incentive compensation that is paid based on achievement of annual performance targets. Historically, the related costs were accrued each interim period based upon the weight of year-to-date results relative to forecasted annual achievement; however, due to fluctuations in the pattern of quarterly results relative to historical trends and interim periods of net loss, we believe a straight-line attribution method better matches the pattern of how the employee earns the award. This change in practice does not affect full year net income, but does affect the trend of quarterly earnings relative to past interim periods. This change resulted in a benefit to our pre-tax income for the three and six months ended December 31, 2012 of \$1.9 million as compared to our historical practice and will decrease earnings in our third and fourth fiscal quarters subject to changes in the expected payout based on actual attainment.

Other than these changes, management believes there have been no material changes during the six months ended December 31, 2012 to the critical accounting policies and estimates reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on August 15, 2012.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

*Interest Rate Risk.* Our exposure to interest rate risk relates primarily to our cash, cash equivalents and long-term debt. As of December 31, 2012, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. Due to the nature of our investments, we do not believe we have a material exposure to interest rate fluctuations.

As of December 31, 2012, we have \$230.5 million of total U.S. dollar denominated variable rate long-term debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate this exposure to interest rate changes, we executed interest rate swap contracts to fix the interest rate on \$100.0 million of our outstanding long-term debt with varying maturities. A hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an annual increase of interest expense of approximately \$1.6 million.

*Currency Exchange Rate Risk.* We conduct business in multiple currencies through our worldwide operations but report our financial results in U.S. dollars. Therefore, we are affected by fluctuations in exchange rates of such currencies versus the U.S. dollar as follows:

- *Translation of our non-U.S. dollar revenues and expenses:* Revenue and related expenses generated in currencies other than the U.S. dollar could result in higher or lower net income when, upon consolidation, those transactions are translated to U.S. dollars. When the value or timing of revenue and expenses in a given currency are materially different, we may be exposed to significant impacts on our net income.

In order to mitigate the exposure related to currency exchange rate volatility on our net income, we began to execute foreign currency forward contracts in November 2012. Our current contracts mature by the end of the current fiscal year.

- *Translation of our non-U.S. dollar assets and liabilities:* Each of our subsidiaries translates its assets and liabilities to U.S. dollars at current rates of exchange in effect at the balance sheet date. The resulting gains and losses from translation are included as a component of accumulated other comprehensive loss on the consolidated balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.
- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other (expense) income, net on the consolidated statements of operations. Our subsidiaries have intercompany accounts that are eliminated in consolidation and cash and cash equivalents denominated in various currencies that expose us to fluctuations in currency exchange rates. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets

denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of \$4.7 million and \$4.0 million on our income before taxes for the three months ended December 31, 2012 and 2011, respectively. Additionally, some of our subsidiaries prepare tax returns in currencies other than their functional currency.

Foreign currency transaction (losses) gains included in other (expense) income, net for the three months ended December 31, 2012 and 2011, were \$0.3 million of losses and \$2.4 million of gains, respectively. Foreign currency transaction (losses) gains included in other (expense) income, net for the six months ended December 31, 2012 and 2011, were \$0.8 million of losses and \$2.9 million of gains, respectively.

#### **Item 4. Controls and Procedures**

##### **Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2012. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2012, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

During the six months ended December 31, 2012, we implemented a process and internal controls related to accounting for derivative instruments including hedge documentation, initial and ongoing hedge effectiveness testing, and the valuation of our outstanding derivative instruments. While the activity during the period was not material, values and the volumes or types of derivative instruments that we enter into may increase in the future.

There were no other changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2012 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1A. Risk Factors

We caution that our future results may vary materially from those contained in forward-looking statements that we make in this Report and other filings with the SEC, press releases, communications with investors and oral statements due to the following important factors, among others. Our forward-looking statements in this Report and in any other public statements we make may turn out to be wrong. These statements can be affected by, among other things, inaccurate assumptions we might make or by known or unknown risks and uncertainties or risks we currently deem immaterial. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

#### Risks Related to Our Business

**If our long-term growth strategy is not successful or if our financial projections relating to the effects of our strategy turn out to be incorrect, our business and financial results could be harmed.**

We may not achieve the objectives of the long-term investment and financial strategy we originally announced in July 2011, our associated financial projections relating to the long-term growth of our business may turn out to be incorrect, and our investments in our business may fail to affect our revenue or EPS growth as anticipated. Some of the factors that could cause our investment strategy and our overall business strategy to fail to achieve our objectives include, among others:

- our failure to adequately execute our operational strategy or anticipate and overcome obstacles to achieving our strategic goals;
- our failure to make our intended investments because the investments are more costly than we expected or because we are unable to devote the necessary operational and financial resources;
- our inability to purchase or develop technologies and production platforms to increase our efficiency, enhance our competitive advantage and scale our operations;
- the failure of our current supply chain to provide the resources we need and our inability to develop new or enhanced supply chains;
- our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers;
- our failure to identify and address the causes of our revenue weakness in Europe;
- our failure to promote, strengthen, and protect our brands;
- the failure of our current and new marketing channels to attract customers;
- our failure to manage the growth and complexity of our business and expand our operations;
- our failure to realize our net income goals due to lower revenue or higher than expected costs or taxes;
- our failure to acquire businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business;
- unanticipated changes in our business, current and anticipated markets, industry, or competitive landscape; and
- general economic conditions.

In addition, projections are inherently uncertain and are based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future in ways that may be beyond our control. Our actual results may differ materially from our projections due to various factors, including but not limited to the factors listed immediately above and in the risk factor below entitled "Our quarterly financial results will often fluctuate," which is also applicable to longer term results.

If our strategy is not successful, or if there is a market perception that our strategy is not successful, then our revenue and earnings may not grow as anticipated or may decline, we may not be profitable, our reputation and brand may be damaged, and the price of our shares may decline. In addition, we may change our financial strategy or other components of our overall business strategy if we believe our current strategy is not effective, if our business or markets change, or for other reasons, which may cause fluctuations in our financial results and volatility in our share price.

**If we are unable to attract customers in a cost-effective manner, our business and results of operations could be harmed.**

Our success depends on our ability to attract customers in a cost-effective manner. We rely on a variety of methods to draw visitors to our websites and promote our products and services, such as purchased search results from online search engines, e-mail, direct mail, advertising banners and other online links, broadcast media, and word-of-mouth customer referrals. If we are unable to develop or maintain effective means of reaching micro businesses and home and family customers, if the costs of attracting customers using these methods significantly increase, or if we are unable to develop new cost-effective means to obtain customers, then traffic to our websites would be reduced, and our business and results of operations would be harmed.

**Purchasers of micro business marketing products and services, including graphic design and customized printing, may not choose to shop online, which would prevent us from acquiring new customers that are necessary to the success of our business.**

The online market for micro business marketing products and services is less developed than the online market for other business and home and family products, and our success depends in part on our ability to attract customers who have historically purchased products and services we offer through offline channels. Specific factors that could prevent prospective customers from purchasing from us as an online retailer include:

- concerns about buying graphic design services and marketing products without face-to-face interaction with sales personnel;
- the inability to physically handle and examine product samples;
- delivery time associated with Internet orders;
- concerns about the security of online transactions and the privacy of personal information;
- delayed shipments or shipments of incorrect or damaged products; and
- the inconvenience associated with returning or exchanging purchased items.

**We may not succeed in promoting and strengthening our brands, which could prevent us from acquiring new customers and increasing revenues.**

A primary component of our business strategy is to promote and strengthen the Vistaprint brand and the brands of our acquired companies in order to attract new and repeat customers to our websites. In addition to the challenges of establishing and promoting our brands among the many businesses that promote products and services on the Internet, we face significant competition from other companies in the various markets we serve who also seek to establish strong brands. To promote our brands, we have incurred and will continue to incur substantial expenses related to advertising and other marketing efforts, but we cannot be sure that these investments will be profitable. If we are unable to successfully promote our brands, we may fail to attract new customers, maintain customer relationships, and increase our revenues.

A component of our brand promotion strategy is establishing a relationship of trust with our customers by providing a high-quality customer experience, which requires us to invest substantial amounts of resources in our website development, design and technology, graphic design operations, production operations, and customer service operations. Our ability to provide a high-quality customer experience is also dependent on external factors over which we may have little or no control, including the reliability and performance of our suppliers, third-party carriers and communication infrastructure providers. If we are unable to provide customers with a high-quality customer experience for any reason, our reputation and brands would be harmed.

**Our quarterly financial results will often fluctuate, which may lead to volatility in our share price.**

Our revenues and operating results often vary significantly from quarter-to-quarter due to a number of factors, some of which are inherent in our business strategies but many of which are outside of our control. We target annual, rather than quarterly, EPS objectives, which can lead to fluctuations in our quarterly results. Other factors that could cause our quarterly revenue and operating results to fluctuate or result in earnings that are lower than our guidance, or both, include among others:

- seasonality-driven or other variations in the demand for our products and services;
- currency and interest rate fluctuations, which affect our revenues and costs;
- our ability to attract visitors to our websites and convert those visitors into customers;
- our ability to retain customers and generate repeat purchases;
- business and home and family preferences for our products and services;
- shifts in product mix toward less profitable products;
- our ability to manage our production, fulfillment and support operations;
- costs to produce and deliver our products and provide our services, including the effects of inflation;
- our pricing and marketing strategies and those of our competitors;
- investments in our business to generate or support revenues and operations in future periods, such as incurring marketing, engineering or consulting expenses in a current period for revenue growth or support in future periods;
- expenses and charges related to our compensation agreements with our executives and employees;
- costs and charges resulting from litigation;
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- changes in our income tax rate;
- costs to acquire businesses or integrate acquired businesses, such as our costs relating to the acquisitions of Albumprinter and Webs; and
- impairments of our tangible and intangible assets including goodwill.

We base our operating expense budgets in part on expected revenue trends. A portion of our expenses, such as office leases, depreciation, and personnel costs, are relatively fixed, and we may be unable to adjust spending quickly enough to offset any revenue shortfall. Accordingly, any shortfall in revenue may cause significant variation in operating results in any quarter. Based on the above factors, among others, we believe that quarter-to-quarter comparisons of our operating results may not be a good indication of our future performance. Our operating results may sometimes be below the expectations of public market analysts and investors, in which case the price of our ordinary shares will likely fall.

**Seasonal fluctuations in our business place a strain on our operations and resources.**

Our second fiscal quarter includes the majority of the holiday shopping season and in each of the last three fiscal years has accounted for more of our revenue and earnings than any other quarter, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. We believe our second fiscal quarter is likely to continue to account for a disproportionate amount of our revenue and earnings for the foreseeable future. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

**A significant portion of our revenues and expenses are transacted in currencies other than the U.S. dollar, our reporting currency. We therefore have currency exchange risk, despite our efforts to mitigate such risk through our foreign currency hedge program.**

We are exposed to fluctuations in currency exchange rates that may impact items such as the translation of our revenues and expenses, remeasurement of our intercompany balances, and the value of our cash and cash equivalents denominated in currencies other than the U.S. dollar. For example, when currency exchange movements are unfavorable to our business, the U.S. dollar equivalent of our revenue and operating income recorded in other currencies is diminished, particularly in certain currencies where we have disproportionate revenues or expenses. Our revenue and results of operations may differ materially from expectations as a result of currency exchange rate fluctuations. As we expand our revenues and operations throughout the world and to additional currencies, our exposure to currency exchange rate fluctuations is increasing. Additionally, our income tax rate may be impacted by fluctuations in currency exchange rates in jurisdictions where our tax returns are prepared in a currency other than the functional currency.

**Our global operations and expansion place a significant strain on our management, employees, facilities and other resources and subject us to additional risks.**

We are growing rapidly. We currently operate production facilities or offices in 14 countries and have approximately 30 localized websites to serve various geographic markets. We expect to establish operations and sell our products and services in additional geographic regions, including emerging markets, where we may have limited or no experience. We are subject to a number of risks and challenges that relate to our global operations and expansion, including, among others:

- difficulty managing operations in, and communications among, multiple locations and time zones;
- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, and other costs;
- local regulations that may restrict or impair our ability to conduct our business as planned;
- protectionist laws and business practices that favor local producers and service providers;
- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;
- our failure to properly understand and develop graphic design content and product formats appropriate for local tastes;
- disruptions caused by political and social instability that may occur in some countries;
- corrupt business practices, such as bribery, that may be common in some countries;
- difficulty expatriating our earnings from some countries;

- disruptions or cessation of important components of our international supply chain;
- the challenge of complying with disparate laws in multiple countries;
- restrictions imposed by local labor practices and laws on our business and operations; and
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

To manage our operations and anticipated growth, we must continue to refine our operational, financial, and management controls, human resource policies, reporting systems, and procedures in the locations in which we operate. If we are unable to implement improvements to our management information and control systems in an efficient or timely manner or if we discover deficiencies in our existing systems and controls, then our ability to provide a high-quality customer experience could be harmed, which would damage our reputation and brands and substantially harm our business and results of operations.

**Acquisitions may be disruptive to our business.**

A component of our strategy is to selectively pursue acquisitions of businesses, technologies, or services, and accordingly we completed the acquisitions of Albumprinter in October 2011 and Webs in December 2011 and may make other acquisitions in the future. Integrating newly acquired businesses, technologies, and services is complex, expensive, time consuming and subject to many risks, including the following:

- We may not be able to retain customers and key employees of the acquired businesses, and we and the acquired businesses may not be able to cross sell products and services to each other's customers.
- In some cases, our acquisitions are dilutive for a period of time, leading to reduced earnings.
- An acquisition may fail to achieve our goals and expectations for the acquired business because we fail to integrate the acquired business, technologies, or services effectively, the integration is more expensive or takes more time than we anticipated, or the acquired business does not perform as well as we expected.
- Acquisitions can result in large write-offs including impairments of goodwill and intangible assets, assumptions of contingent or unanticipated liabilities, or increased tax costs.

In addition, to finance our recent acquisitions, we borrowed additional amounts under our credit facility, and we may need to raise additional funds for any future acquisitions. Financing may not be available on terms that are favorable to us, or at all, and can cause dilution to our shareholders or subject us to covenants restricting the activities we may undertake. The time and expense associated with finding suitable and compatible businesses, technologies, or services to acquire could also disrupt our ongoing business and divert our management's attention.

**We face risks related to interruption of our operations and lack of redundancy.**

Our production facilities, websites, infrastructure, supply chain, and operations may be vulnerable to interruptions, and we do not have redundancies in all cases to carry on these operations in the event of an interruption. Some of the events that could cause interruptions in our operations or systems are, among others:

- fire, flood, earthquake, hurricane, or other natural disaster or extreme weather;
- labor strike, work stoppage, or other issue with our workforce;
- political instability or acts of terrorism or war;
- power loss or telecommunication failure;
- attacks on our external websites or internal network by hackers or other malicious parties;

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- undetected errors or design faults in our technology, infrastructure, and processes that may cause our websites to fail;
- inadequate capacity in our systems and infrastructure to cope with periods of high volume and demand; and
- human error, including but not limited to poor managerial judgment or oversight.

In particular, both Bermuda, where substantially all of the computer hardware necessary to operate our websites is located in a single facility, and Jamaica, our largest customer service, sales, and design support operation, are subject to a high degree of hurricane risk and extreme weather conditions.

We have not identified alternatives to all of our facilities, systems, supply chains and infrastructure, including production, to serve us in the event of an interruption, and if we were to find alternatives, they may not be able to meet our requirements on commercially acceptable terms or at all. In addition, we are dependent in part on third parties for the implementation and maintenance of certain aspects of our communications and production systems, and because many of the causes of system interruptions or interruptions of the production process may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all.

Any interruptions that cause any of our websites to be unavailable, reduce our order fulfillment performance, or interfere with our manufacturing, technology, or customer service operations could result in lost revenue, increased costs, negative publicity, damage to our reputation and brand, and an adverse effect on our business and results of operations. Building redundancies into our infrastructure, systems and supply chain to mitigate these risks may require us to commit substantial financial, operational, and technical resources, in some cases before the volume of our business increases with no assurance that our revenues will increase.

### **We face intense competition.**

The markets for small business marketing products and services and home and family custom products, including the printing and graphic design market, are intensely competitive, highly fragmented and geographically dispersed. We expect competition to increase in the future. The increased use of the Internet for commerce and other technological advances have allowed traditional providers of these products and services to improve the quality of their offerings, produce and deliver those products and services more efficiently and reach a broader purchasing public. Competition may result in price pressure, reduced profit margins and loss of market share and brand recognition, any of which could substantially harm our business and results of operations. Current and potential competitors include:

- traditional storefront printing and graphic design companies;
- office superstores and other retailers targeting small business and home and family markets;
- companies offering small business or consumer websites and other digital products, including website design and hosting companies;
- wholesale printers;
- online printing and graphic design companies, many of which provide printed products and services similar to ours;
- self-service desktop design and publishing using personal computer software with a laser or inkjet printer and specialty paper;
- email marketing services companies;
- suppliers of custom apparel, promotional products and customized gifts;
- online photo product companies;
- Internet firms and retailers; and

- other digital marketing such as social media, search directories, Google Places and other providers.

Many of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition, more focus on a given sub-set of our business, existing customer and supplier relationships, or significantly greater financial, marketing, and other resources. Many of our competitors currently work together, and additional competitors may do so in the future through strategic business agreements or acquisitions.

The competitive landscape for ecommerce companies continues to change as new ecommerce businesses are introduced and traditional “bricks and mortar” businesses establish an online presence, either by devoting more internal resources to website and systems development or by acquiring, investing in, or partnering with online competitors. Competitors may also develop new or enhanced products, technologies or capabilities that could render many of the products, services and content we offer obsolete or less competitive, which could harm our business and results of operations.

In addition, we have in the past and may in the future choose to collaborate with certain of our existing and potential competitors in strategic partnerships that we believe will improve our competitive position and results of operations, such as through a retail in-store or web-based collaborative offering. It is possible, however, that such ventures will be unsuccessful and that our competitive position and results of operations will be adversely affected as a result of such collaboration.

**Failure to meet our customers' price expectations would adversely affect our business and results of operations.**

Demand for our products and services is sensitive to price, and changes in our pricing strategies have a significant impact on our revenues and results of operations. Many factors can significantly impact our pricing strategies, including the costs of running our business, our competitors' pricing and marketing strategies, and the effects of inflation. We offer some free or discounted products and services as a means of attracting customers and encouraging repeat purchases, but these free offers and discounts reduce our profit margins and may not result in an increase in our revenues. If we fail to meet our customers' price expectations, our business and results of operations will suffer.

**Failure to protect our networks and the confidential information of our customers against security breaches could damage our reputation and brands and substantially harm our business and results of operations.**

Online commerce and communications depend on the secure transmission of confidential information over public networks. Currently, a majority of our sales are billed to our customers' credit card accounts directly, and we retain our customers' credit card information for a period of time that varies depending on the services we provide to each customer.

We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any compromise or breach of our network or the technology that we use to protect our network and our customer transaction data, including credit card information, could damage our reputation and brand; expose us to losses, litigation, and possible liability; lead to the misappropriation of our proprietary information; or cause interruptions in our operations. Although we maintain network security insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on reasonable terms, or at all. In addition, some of our partners also collect information from transactions with our customers, and we may be liable or our reputation may be harmed if our partners fail to protect our customers' information or use it in a manner that is inconsistent with our practices.

**If we fail to address risks associated with credit card fraud, our reputation and brands could be damaged, and our business and results of operations could be harmed.**

We may be liable for fraudulent transactions conducted on our websites, such as through the use of stolen credit card numbers. To date, quarterly losses from payment fraud have not exceeded 1% of total revenues in any quarter, but we continue to face the risk of significant losses from this type of fraud.

**We depend on search engines to attract a substantial portion of the customers who visit our websites, and losing these customers would adversely affect our business and results of operations.**

Many customers access our websites by clicking through on search results displayed by search engines such as Google, Bing, and Yahoo!. If the search engines on which we rely modify their algorithms, terminate their relationships with us, or increase the prices at which we may purchase listings, our costs could increase, and fewer customers may click through to our websites. If fewer customers click through to our websites, we could be required to resort to other more costly resources to replace this traffic, which could adversely affect our revenues and operating and net income and could harm our business.

In addition, some of our competitors purchase the term "Vistaprint" and other terms incorporating our proprietary trademarks from Google and other search engines as part of their search listing advertising. Courts do not always side with the trademark owners in cases involving search engines, and Google has refused to prevent companies from purchasing search results that use the trademark "Vistaprint." As a result, we may not be able to prevent our competitors from advertising to, and directly competing for, customers who search for the term "Vistaprint" on search engines.

**We rely heavily on email to market to and communicate with customers, and email communications are subject to regulatory and reputation risks.**

Various private entities attempt to regulate the use of commercial email solicitation by blacklisting companies that the entities believe do not meet their standards, which results in those companies' emails being blocked from certain Internet domains and addresses. Although we believe that our commercial email solicitations comply with all applicable laws, from time to time some of our Internet protocol addresses appear on some of these blacklists. The blacklisting sometimes interferes with our ability to send operational or advertising emails to our current and potential customers and to send and receive emails to and from our corporate email accounts, which can interfere with our ability to market our products and services, communicate with our customers, and operate and manage our websites and corporate email accounts. In addition, as a result of being blacklisted, we have had disputes with, or concerns raised by, various service providers who perform services for us, including co-location and hosting services, Internet service providers and electronic mail distribution services.

Further, we have contractual relationships with partners that market our products and services on our behalf, and some of our marketing partners engage third-party email marketers with which we do not have any contractual or other relationship. Although we comply with all applicable laws relating to email solicitations and our contracts with our partners require that they do the same, we do not always have control over the third-party email marketers that our partners engage. If such a third party were to send emails marketing our products and services in violation of applicable anti-spam or other laws, then our reputation could be harmed and we could potentially be liable for their actions.

**Our customers create products that incorporate images, illustrations and fonts that we license from third parties, and any loss of the right to use these licensed materials may substantially harm our business and results of operations.**

Many of the images, illustrations, and fonts incorporated in the design products and services we offer are the copyrighted property of other parties that we use under license agreements. If one or more of our licenses covering a significant amount of content were terminated, the amount and variety of content available on our websites would be significantly reduced, and we may not be able to find, license, and introduce substitute content in a timely manner, on acceptable terms or at all.

**The loss of key personnel or an inability to attract and retain additional personnel could affect our ability to successfully grow our business.**

We are highly dependent upon the continued service and performance of our senior management team and key technical, marketing, and production personnel, any of whom may cease their employment with us at any time with minimal advance notice. The loss of one or more of our key employees may significantly delay or prevent the achievement of our business objectives. We face intense competition for qualified individuals from numerous technology, marketing, financial services, manufacturing, and e-commerce companies. We may be unable to attract and retain suitably qualified individuals, and our failure to do so could have an adverse effect on our ability to implement our business plan.

**Our credit facility contains financial and operating restrictions and covenants that may limit our access to additional credit and could negatively impact our liquidity.**

Our credit facility imposes limitations on our ability to, among other things:

- incur additional indebtedness and liens outside of the credit facility;
- make certain investments, payments, or changes in our corporate structure; and
- make capital expenditures or purchase our ordinary shares in excess of certain limits.

In addition, we are required to meet certain financial covenants that are customary with this type of credit facility, and our inability to comply with these covenants could result in a default under the credit facility, which could cause us to be unable to borrow under the credit facility and may result in the acceleration of the maturity of our outstanding indebtedness under the facility. If the maturities were accelerated, we may not have sufficient funds available for repayment, and if we were unable to borrow further under the facility, we may not be able to make investments in our business to support our strategy or we may end up in bankruptcy proceedings, or other processes, in which our business would be negatively impacted. In addition, our shareholders would be detrimentally impacted as shareholder value could decrease to a point of limited return. Each scenario would result in significant negative implications to our liquidity and results of operations.

**Our hedging activity could negatively impact our results of operations and cash flows.**

We have entered into interest rate and foreign currency swap contracts to manage differences in the amount, timing, and duration of our known or expected cash payments related to our long-term debt and operating cash flows. Our objective in using these derivatives is to add stability to our net income and to manage our exposure to interest rate and foreign currency movements. If we do not accurately forecast our future long-term debt or expenditure levels, execute contracts that do not effectively mitigate our economic exposure to variable interest and currency rates, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be negatively impacted.

**Our business and results of operations may be negatively impacted by general economic and financial market conditions, and these conditions may increase the other risks that affect our business.**

Many of the markets in which we operate are still in an economic downturn that we believe may have a negative impact on our business. Additionally, a significant portion of our revenues and costs are in Europe where the volatility of the capital markets and the state of government finances has continued to result in uncertainty for the outlook of the region and potential for one or more countries to exit the Eurozone. Turmoil in the world's financial markets has materially and adversely impacted the availability of financing to a wide variety of businesses, including micro businesses, and the resulting uncertainty led to reductions in capital investments, marketing expenditures, overall spending levels, future product plans, and sales projections across industries and markets. These trends could have a material and adverse impact on the demand for our products and services, our financial results from operations, and our ability to attract and retain employees in jurisdictions where we have significant operations.

**The United States government may further increase border controls and impose duties or restrictions on cross-border commerce that may substantially harm our business by impeding our shipments into the United States from our Canadian manufacturing facility.**

For the fiscal years ended June 30, 2012 and June 30, 2011 we derived 51% and 53% of our revenue, respectively, from sales to customers made through Vistaprint.com, our United States-focused website. We produce substantially all physical products for our United States customers at our facility in Windsor, Ontario, and the United States imposes restrictions on shipping goods into the United States from Canada. The United States also imposes protectionist measures such as customs duties and tariffs that limit free trade, some of which may apply directly to product categories that comprise a material portion of our revenues. The customs laws, rules and regulations that we are required to comply with are complex and subject to unpredictable enforcement and modification. We have from time to time experienced delays in shipping our manufactured products into the United States as a result of these restrictions which have, in some instances, resulted in delayed delivery of orders.

In the future, the United States could impose further border controls and restrictions, interpret or apply regulations in a manner unfavorable to the importation of products from outside of the U.S., impose quotas, tariffs or import duties, increase the documentation requirements applicable to cross border shipments or take other actions that have the effect of restricting the flow of goods from Canada and other countries to the United States. For example, if there were a serious threat to U.S. security, such as war or an attack on the United States, the U.S. government could shut down the U.S.-Canadian border for an extended period of time, impose policies that would result in significant Canadian export delays or otherwise disrupt our North American business operations. If we experienced greater difficulty or delays shipping products into the United States or were foreclosed from doing so, or if our costs and expenses materially increased, our business and results of operations could be harmed.

**If we are unable to protect our intellectual property rights, our reputation and brands could be damaged, and others may be able to practice our technology, which could substantially harm our business and results of operations.**

We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property, but these protective measures afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our trademarks, websites features and functionalities or obtain and use information that we consider proprietary, such as the technology used to operate our websites and our production operations.

We intend to continue to pursue patent coverage in the United States and other countries to the extent we believe such coverage is justified, appropriate, and cost efficient, but there can be no guarantee that any of our pending applications or continuation patent applications will be granted. In addition, we have in the past and may in the future face infringement, invalidity, intellectual property ownership or similar claims brought by third parties with respect to our current or future patents. Any such claims, whether or not successful, could be extremely costly, damage our reputation and brands and substantially harm our business and results of operations.

Although we hold trademark registrations for the Vistaprint trademark in jurisdictions throughout the world, our competitors or other entities may adopt names or marks similar to ours, thereby impeding our ability to build brand identity and possibly leading to customer confusion. There could be potential trade name or trademark infringement claims brought by owners of other trademarks that incorporate variations of the term "Vistaprint" or our other trademarks, and we may institute such claims against other parties. Any claims or customer confusion related to our trademarks could damage our reputation and brands and substantially harm our business and results of operations.

**Intellectual property disputes and litigation are costly and could cause us to lose our exclusive rights, subject us to liability, or require us to stop some of our business activities.**

From time to time, we are involved in lawsuits or disputes in which third parties claim that we infringe their intellectual property rights or that we improperly obtained or used their confidential or proprietary information. In addition, from time to time we receive letters from third parties who claim to have patent rights that cover aspects of the technology that we use in our business and that the third parties believe we must license in order to continue to use such technology.

The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial, and litigation diverts our management's efforts from managing and growing our business. Potential adversaries may be able to sustain the costs of complex intellectual property litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from any litigation could limit our ability to continue our operations. If any parties successfully claim that our sale, use, manufacturing or importation of technologies infringes upon their intellectual property rights, we might be forced to pay significant damages and attorney's fees, and a court could enjoin us from performing the infringing activity, which could restrict our ability to use certain technologies important to the operation of our business.

Alternatively, we may be required to, or decide to, enter into a license with a third party that claims infringement by us. Any such patent license may not be made available on commercially acceptable terms, if at all. In addition, such licenses are likely to be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If we fail to obtain a required license and are unable to design around a third

party's patent, we may be unable to effectively conduct certain of our business activities, which could limit our ability to generate revenues, grow our business or maintain profitability.

In addition, from time to time, we initiate lawsuits, proceedings or claims to enforce our patents, copyrights, trademarks and other intellectual property rights or to determine the scope and validity of third-party proprietary rights. Our ability to enforce our intellectual property rights is subject to general litigation risks, as well as uncertainty as to the enforceability of our intellectual property rights in various countries. When we seek to enforce our rights, we may be subject to claims that our intellectual property rights are invalid or unenforceable or are licensed to the party against whom we are asserting a claim. There is also a risk that our assertion of intellectual property rights could result in the other party's seeking to assert alleged intellectual property rights of its own against us, which may adversely impact our business in the manner discussed above. Our inability to enforce our intellectual property rights may negatively impact our competitive position and business.

**Our business is dependent on the Internet, and unfavorable changes in government regulation of the Internet, e-commerce, and email marketing could substantially harm our business and results of operations.**

Due to our dependence on the Internet for our sales, laws specifically governing the Internet, e-commerce and email marketing may have a greater impact on our operations than other more traditional businesses. Existing and future laws, such as laws covering pricing, customs, privacy, consumer protection, or commercial email, may impede the growth of e-commerce and our ability to compete with traditional "bricks and mortar" retailers. It is not always clear how existing laws governing these and other issues apply to the Internet and e-commerce, as the vast majority of applicable laws were adopted before the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. Those laws that do reference the Internet, such as the Bermuda Electronic Transactions Act 1999, the U.S. Digital Millennium Copyright Act, and the U.S. CAN-SPAM Act of 2003, are only beginning to be interpreted by the courts, and their applicability and reach are therefore uncertain. Those current and future laws and regulations or unfavorable resolution of these issues may substantially harm our business and results of operations.

**We face judicial and regulatory challenges to our practice of offering free products and services, which, if successful, could hinder our ability to attract customers and generate revenue.**

We regularly offer free products and services as an inducement for customers to try our products and services. Although we believe that we conspicuously and clearly communicate all details and conditions of these offers, such as the shipping and processing charges associated with these offers, from time to time we face claims, complaints, and inquiries from our customers, competitors, governmental regulators, standards bodies, and others that our free offers are misleading or do not comply with applicable legislation or regulation, and we may receive similar complaints, claims and inquiries in the future. If we are compelled or determine to curtail or eliminate our use of free offers as the result of any such actions, our business prospects and results of operations could be materially harmed.

**If we were required to review the content that our customers incorporate into our products and interdict the shipment of products that violate copyright protections or other laws, our costs would significantly increase, which would harm our results of operations.**

Because of our focus on automation and high volumes, the vast majority of our sales do not involve any human-based review of content. Although our websites' terms of use specifically require customers to represent that they have the right and authority to reproduce a given content and that the content is in full compliance with all relevant laws and regulations, we do not have the ability to determine the accuracy of these representations on a case-by-case basis. There is a risk that a customer may supply an image or other content for a product order that we produce that is the property of another party used without permission, that infringes the copyright or trademark of another party, or that would be considered to be defamatory, hateful, obscene, or otherwise objectionable or illegal under the laws of the jurisdiction(s) where that customer lives or where we operate. If we become legally obligated in the future to perform manual screening and review for all orders destined for a jurisdiction, we will encounter increased production costs or may cease accepting orders for shipment to that jurisdiction, which could substantially harm our business and results of operations. In addition, if we were held liable for actions of our customers, we could be required to pay substantial penalties, fines, or monetary damages.

**We are subject to customer payment-related risks.**

We accept payments for our products and services on our websites by a variety of methods, including credit or debit card, PayPal, check, wire transfer or other methods. In some geographic regions, we rely on one or two third party companies to provide payment processing services. If any of the payment processing or other companies with which we have contractual arrangements became unwilling or unable to provide these services to us or we are unable to comply with our contractual requirements under such arrangements, then we would need to find and engage replacement providers, which we may not be able to do on terms that are acceptable to us or at all, or to process the payments ourselves. Any of these scenarios could be disruptive to our business as they could be costly and time consuming and may unfavorably impact our customers.

As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud risk. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins or require that we charge our customers more for our products. We are also subject to payment card association and similar operating rules and requirements, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules and requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers or facilitate other types of online payments, and our business and operating results could be materially adversely affected.

**We may be subject to product liability claims if people or property are harmed by the products we sell.**

Some of the products we sell may expose us to product liability claims relating to personal injury, death, or property damage, and may require product recalls or other actions. Although we maintain product liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on reasonable terms, or at all.

**Our inability to acquire or maintain domain names in each country or region where we currently or intend to do business could negatively impact our ability to sell our products and services in that country or region.**

We sell our products and services primarily through our websites and from time to time we have difficulty obtaining a domain name using Vistaprint or our other trademarks in a particular country or region. The requirements for obtaining domain names vary from region to region and are subject to change, and the relationship between the regulations governing domain names and the laws protecting trademarks and similar proprietary rights is unclear. We may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. If we are unable to use a domain name in a particular country, then we could be forced to purchase the domain name from an entity that owns or controls it, which we may not be able to do on commercially acceptable terms or at all; incur significant additional expenses to develop a new brand to market our products within that country; or elect not to sell products in that country.

**Our results of operations may be negatively affected if we are required to charge sales, value added, or other taxes on Internet sales in additional jurisdictions.**

In some of the jurisdictions where we sell products and services, we do not collect or have imposed upon us sales, value added or other consumption taxes, which we refer to as indirect taxes. The application of indirect taxes to e-commerce businesses such as Vistaprint is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the Internet and e-commerce, and in many cases, it is not clear how existing statutes apply to the Internet or e-commerce. For example, some state governments in the United States have imposed or are seeking to impose indirect taxes on Internet sales. The imposition by national, state or local governments, whether within or outside the United States, of additional taxes upon Internet commerce could create administrative burdens for us, discourage customers from purchasing products from us, decrease our ability to compete with traditional retailers, or otherwise negatively impact our results of operations. Additionally, a successful assertion by one or more governments in jurisdictions where we are not currently collecting sales or value added taxes that we should be, or should have been, collecting indirect taxes on the sale of our products could result in substantial tax liabilities for past sales.

**If we are unable to retain security authentication certificates, which are supplied by third party providers over which we exercise little or no control, our business could be harmed.**

We are dependent on a limited number of third party providers of website security authentication certificates that are necessary for conducting secure transactions over the Internet. Despite any contractual protections we may have, these third party providers can disable or revoke, and in the past have disabled or revoked, our security certificates without our consent, which would render our websites inaccessible to some of our customers and could discourage other customers from accessing our sites, unless we are able to procure a replacement certificate from one of a limited number of alternative third party providers. Any interruption in our customers' ability or willingness to access our websites if we do not have adequate security certificates could result in a material loss of revenue and profits and damage to our brands.

### **Risks Related to Our Corporate Structure**

**Challenges by various tax authorities to our international structure could, if successful, increase our effective tax rate and adversely affect our earnings.**

We are a Dutch limited liability company that operates through various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. From time to time, we are subject to tax audits and claims by the tax authorities in these countries that a greater portion of the income of the Vistaprint N.V. group should be subject to income or other tax in their respective jurisdictions, which could result in an increase to our effective tax rate and adversely affect our results of operations. For more information about audits to which we are currently subject refer to Note 8 "Income Taxes" in the accompanying notes to the consolidated financial statements included in Item 1 of Part I of this Report.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our earnings, which could result in a significant negative impact on our earnings and cash flow from operations. We continue to assess the impact of various international tax proposals and modifications to existing tax treaties between the Netherlands and other countries that could result in a material impact on our income taxes. We cannot predict whether any specific legislation will be enacted or the terms of any such legislation. However, if such proposals were enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

**Our intercompany arrangements may be challenged, which could result in higher taxes or penalties and an adverse effect on our earnings.**

We operate pursuant to written intercompany service and related agreements, which we also refer to as transfer pricing agreements, among Vistaprint N.V. and its subsidiaries. These agreements establish transfer prices for production, marketing, management, technology development and other services performed by these subsidiaries for other group companies. Transfer prices are prices that one company in a group of related companies charges to another member of the group for goods, services or the use of property. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be consistent with those between unrelated companies dealing at arm's length. With the exception of the transfer pricing arrangements applicable to our Dutch, French and Australian operations, our transfer pricing arrangements are not binding on applicable tax authorities, and no official authority in any other country has made a determination as to whether or not we are operating in compliance with its transfer pricing laws. If tax authorities in any country were successful in challenging our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices. A reallocation of taxable income from a lower tax jurisdiction to a higher tax jurisdiction would result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, resulting in double taxation.

**Our Articles of Association, Dutch law and the independent foundation, *Stichting Continuïteit Vistaprint*, may make it difficult to replace or remove management, may inhibit or delay a change of control or may dilute your voting power.**

Our Articles of Association, or Articles, as governed by Dutch law, limit our shareholders' ability to suspend or dismiss the members of our management board and supervisory board or to overrule our supervisory board's nominees to our management board and supervisory board by requiring a vote of two thirds of the votes cast representing more than 50% of the outstanding ordinary shares to do so under most circumstances. As a result, there may be circumstances in which shareholders may not be able to remove members of our management board or supervisory board even if holders of a majority of our ordinary shares favor doing so.

In addition, we have established an independent foundation, *Stichting Continuïteit Vistaprint*, or the Foundation, to safeguard the interests of Vistaprint N.V. and its stakeholders, which include but are not limited to our shareholders, and to assist in maintaining Vistaprint's continuity and independence. To this end, we have granted the Foundation a call option pursuant to which the Foundation may acquire a number of preferred shares equal to the same number of ordinary shares then outstanding, which is designed to provide a protective measure against unsolicited take-over bids for Vistaprint and other hostile threats. If the Foundation were to exercise the call option, it may prevent a change of control or delay or prevent a takeover attempt, including a takeover attempt that might result in a premium over the market price for our ordinary shares. Exercise of the preferred share option would also effectively dilute the voting power of our outstanding ordinary shares by one half.

**We have limited flexibility with respect to certain aspects of capital management.**

Dutch law requires shareholder approval for the issuance of shares and grants preemptive rights to existing shareholders to subscribe for new issuances of shares. In November 2011, our shareholders granted our supervisory board and management board the authority to issue ordinary shares as the boards determine appropriate, without obtaining specific shareholder approval for each issuance, and to limit or exclude shareholders' preemptive rights. However, this authorization expires in November 2016. Although we plan to seek re-approval from our shareholders from time to time in the future, we may not succeed in obtaining future re-approvals. In addition, subject to specified exceptions, Dutch law requires shareholder approval for many corporate actions, such as the approval of dividends and authorization to repurchase outstanding shares. Situations may arise where the flexibility to issue shares, pay dividends, repurchase shares or take other corporate actions without a shareholder vote would be beneficial to us, but is not available under Dutch law.

**Because of our corporate structure, our shareholders may find it difficult to pursue legal remedies against the members of our supervisory board or management board.**

Our Articles and our internal corporate affairs are governed by Dutch law, and the rights of our shareholders and the responsibilities of our supervisory board and management board are different from those established under United States laws. For example, under Dutch law derivative lawsuits are generally not available, and our supervisory board and management board are responsible for acting in the best interests of the company, its business and all of its stakeholders generally (including employees, customers and creditors), not just shareholders. Furthermore, we are obligated to indemnify the members of our supervisory board and management board against liabilities for their good faith actions in connection with their service on either board, subject to various exceptions. As a result, our shareholders may find it more difficult to protect their interests against actions by members of our supervisory board or management board than they would if we were a U.S. corporation.

**Because of our corporate structure, our shareholders may find it difficult to enforce claims based on United States federal or state laws, including securities liabilities, against us or our management team.**

We are incorporated under the laws of the Netherlands, and the vast majority of our assets are located outside of the United States. In addition, some of our officers and management board members reside outside of the United States. In most cases, a final judgment for the payment of money rendered by a U.S. federal or state court would not be directly enforceable in the Netherlands. The party in whose favor such final judgment is rendered would need to bring a new suit in the Netherlands and petition the Dutch court to enforce the final judgment rendered in the United States, and there can be no assurance that a Dutch court would impose civil liability on us or our management team in such a suit or in any other lawsuit predicated solely upon U.S. securities laws. In addition, because most of our assets are located outside of the United States, it could be difficult for investors to place a lien on our assets in connection with a claim of liability under U.S. laws. As a result, it may be difficult for investors to

effect service of process within the United States upon us or our management team, enforce U.S. court judgments obtained against us or our management team outside of the U.S., or enforce rights predicated upon the U.S. securities laws.

**We may not be able to make distributions or repurchase shares without subjecting our shareholders to Dutch withholding tax.**

A Dutch withholding tax may be levied on dividends and similar distributions made by Vistaprint N.V. to its shareholders at the statutory rate of 15% if we cannot structure such distributions as being made to shareholders in relation to a reduction of par value, which would be non-taxable for Dutch withholding tax purposes. We have repurchased our shares and may seek to repurchase additional shares in the future. Under our Dutch Advanced Tax Ruling, a repurchase of shares should not result in any Dutch withholding tax if we hold the repurchased shares in treasury for the purpose of issuing shares pursuant to certain employee share awards or for the funding of acquisitions. However, if the shares cannot be used for these purposes, or the Dutch tax authorities challenge the use of the shares for these purposes, such a repurchase of shares for the purposes of capital reduction may be treated as a partial liquidation subject to the 15% Dutch withholding tax to be levied on the difference between our recognized paid in capital per share for Dutch tax purposes and the redemption price per share. Our recognized paid in capital per share for Dutch tax purposes is €28.99 per share translated as of the date of our reincorporation to the Netherlands on August 28, 2009.

**We may be treated as a passive foreign investment company for United States tax purposes, which may subject United States shareholders to adverse tax consequences.**

If our passive income, or our assets that produce passive income, exceed levels provided by law for any taxable year, we may be characterized as a passive foreign investment company, or a PFIC, for United States federal income tax purposes. If we are treated as a PFIC, U.S. holders of our ordinary shares would be subject to a disadvantageous United States federal income tax regime with respect to the distributions they receive and the gain, if any, they derive from the sale or other disposition of their ordinary shares.

We believe that we were not a PFIC for the tax year ended June 30, 2012 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC for our current tax year or for any subsequent year.

**If a United States shareholder acquires 10% or more of our ordinary shares, it may be subject to increased United States taxation under the “controlled foreign corporation” rules. Additionally, this may negatively impact the demand for our ordinary shares.**

If a United States shareholder owns 10% or more of our ordinary shares, it may be subject to increased United States federal income taxation (and possibly state income taxation) under the “controlled foreign corporation” rules. In general, each U.S. person who owns (or is deemed to own) at least 10% of the voting power of a non-U.S. corporation, “10% U.S. Shareholder,” and if such non-U.S. corporation is a “controlled foreign corporation”, or “CFC,” for an uninterrupted period of 30 days or more during a taxable year, then a 10% U.S. shareholder who owns (or is deemed to own) shares in the CFC on the last day of the CFC’s taxable year, must include in its gross income for United States federal income tax (and possibly state income tax) purposes its pro rata share of the CFC’s “subpart F income”, even if the subpart F income is not distributed. In general, a non-U.S. corporation is considered a CFC if one or more 10% U.S. Shareholders together own more than 50% of the voting power or value of the corporation on any day during the taxable year of the corporation. “Subpart F income” consists of, among other things, certain types of dividends, interest, rents, royalties, gains, and certain types of income from services and personal property sales.

The rules for determining ownership for purposes of determining 10% U.S. Shareholder and CFC status are complicated, depend on the particular facts relating to each investor, and are not necessarily the same as the rules for determining beneficial ownership for SEC reporting purposes. For taxable years in which we are a CFC for an uninterrupted period of 30 days or more, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax purposes its pro rata share of our subpart F income, even if the subpart F income is not distributed by us. We currently do not believe we are a CFC. However, whether we are treated as a CFC can be affected by, among other things, facts as to our share ownership that may change. Accordingly, we cannot be certain that we will not be treated as a CFC for our current tax year or any subsequent tax year.

The risk of being subject to increased taxation as a CFC may deter our current shareholders from acquiring additional ordinary shares or new shareholders from establishing a position in our ordinary shares. Either of these scenarios could impact the demand for, and value of, our ordinary shares.

**Our tax rate may increase during periods when our profitability declines. Additionally, we will pay taxes even if we are not profitable on a consolidated basis, which would harm our results of operations.**

The intercompany service and related agreements among Vistaprint N.V. and our direct and indirect subsidiaries ensure that most of the subsidiaries realize profits based on their operating expenses. As a result, if the Vistaprint group is less profitable, or even not profitable on a consolidated basis, the majority of our subsidiaries will be profitable and incur income taxes in their respective jurisdictions. In periods of declining operating profitability or losses on a consolidated basis this structure will increase our effective tax rate or our consolidated losses and further harm our results of operations.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On May 14, 2012, we announced that our Supervisory Board authorized the purchase of up to 4,015,127 of our outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the Securities Exchange Act of 1934) or in one or more self tender offers. This share purchase authorization expires on March 30, 2013, and we may suspend or discontinue the purchase program at any time. The following table outlines the purchases of our ordinary shares during the three months ended December 31, 2012:

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (2)
October 1, 2012 through October 31, 2012	111,700	\$ 29.97	111,700	
November 1, 2012 through November 30, 2012	701,300	\$ 29.92	701,300	
December 1, 2012 through December 31, 2012	14,346	\$ 31.00	14,346	\$ 12,344,681
Total	827,346	\$ 29.94	827,346	\$ 12,344,681

(1) Average price paid per share includes commissions paid in connection with our publicly announced share purchase program.

(2) Value based on an aggregate of 375,675 shares at an assumed purchase price of \$32.86 per share, which was the closing price of our ordinary shares on December 31, 2012, as reported on the NASDAQ.

## ITEM 6. EXHIBITS

We are filing the exhibits listed on the Exhibit Index following the signature page to this Report.



## EXHIBIT INDEX

Exhibit	
No.	Description
3.1	Articles of Association of Vistaprint N.V., as amended
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15(d)-14(a), by Chief Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

\* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following materials from this Quarterly Report on Form 10-Q, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

**ARTICLES OF ASSOCIATION OF  
VISTAPRINT N.V.  
(informal translation)**

having its seat in Amsterdam, as these read after the execution of the deed of amendment of the articles of association, executed on 20 November 2012 before M.A.J. Cremers, civil-law notary in Amsterdam.  
The company is registered in the trade register under number 14117527.

**Definitions**

**Article 1.**

The following definitions shall apply in these articles of association:

- a. general meeting: the body consisting of the shareholders entitled to vote and other persons entitled to vote as well as the meeting of shareholders and other persons entitled to attend meetings;
- b. subsidiary: has the meaning as referred to in article 2:24a Dutch Civil Code;
- c. group: has the meaning as referred to in article 2:24b Dutch Civil Code;
- d. group company: a legal entity or company with which the company is affiliated in a group;
- e. dependent company: has the meaning as referred to in article 2:152 Dutch Civil Code;
- f. persons with voting rights: holders of shares with voting rights as well as holders of a right of usufruct on shares with the right to vote and holders of a right of pledge with a right to vote;
- g. persons with meeting rights: persons with voting rights as well as shareholders who do not have the right to vote;
- h. Management Board: management board of the company;
- i. Supervisory Board: supervisory board of the company;
- j. written/in writing: with respect to the provision of these articles of association the requirement of being in writing shall also be complied with if the notification, announcement, statement, acknowledgement, decision-making, power of attorney, vote or request, have been laid down electronically.

**Name and seat**

**Article 2.**

1. The name of the company is: Vistaprint N.V.
2. The company has its seat in Venlo.
3. The company may have branch offices and branch establishments in other jurisdictions.

**Objects**

**Article 3.**

The objects of the company are:

- to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice and other services, including in relation to the conduct of online commerce;
- to acquire, use and/or assign industrial and intellectual property rights and real property;

- to invest funds;
- the borrowing, lending and raising funds, including the issuance of bonds, promissory notes or other securities or evidence of indebtedness as well as entering into agreements in connection with these activities;
- to provide security for the obligations of legal persons or of other companies with which the company is affiliated in a group or for the obligations of third parties, including by means of issuing guarantees and pledging collateral;
- to undertake all that which is connected to the foregoing or in furtherance thereof,

all in the broadest sense of the words.

## **Capital and shares**

### **Article 4.**

1. The company's authorized capital amounts to two million euros (EUR 2,000,000) and is divided into one hundred million (100,000,000) ordinary shares and one hundred million (100,000,000) preferred shares, each share with a par value of one euro cent (EUR 0.01).
2. Wherever the term 'shares' or 'shareholders' is used in the present articles of association this shall be construed to mean the classes of shares mentioned in paragraph 1 or the respective holders of those classes of shares, unless the contrary has been stated explicitly or appears from the context.
3. All shares shall be registered shares.

The shares shall be numbered in such a manner that they can be distinguished from each other at any time.

4. The company cannot cooperate with the issue of depositary receipts issued for shares in its own capital.

## **The issue of shares**

### **Article 5.**

1. Shares shall be issued pursuant to a resolution of the general meeting, or pursuant to such resolution of the Management Board if designated thereto by the general meeting for a period not exceeding five years.

At the designation, the number and class of shares that may be issued by the Management Board should be determined.

The designation may be prolonged each time for a period not exceeding five years. Unless it has been determined differently at the designation, it cannot be revoked.

The resolution to issue shares contains the price and further terms of issue.

2. The resolution of the general meeting to issue shares and the resolution to designate the Management Board can only be adopted pursuant to a proposal thereto by the Management Board which proposal has been approved by the Supervisory Board.

If the Management Board has been designated as authorized to resolve on the issue of shares, the resolution of the Management Board to issue shares is subject to the prior approval of the Supervisory Board.

3. Within eight days after a resolution of the general meeting to issue shares or to designate the Management Board to issue shares, as referred to above, the Management Board shall deposit a complete text thereof at the Trade Register.

Within eight days after the end of each quarter of the year, the Management Board shall submit a statement of each issue of shares in that quarter of the year to the Trade Register, stating the class and number.

4. If preferred shares are issued a general meeting will be convened to be held not later than twenty-four months after the day on which for the first time preferred shares were issued.

At that general meeting purchase or withdrawal of the preferred shares will be considered.

If the general meeting will not resolve to purchase or to withdraw the preferred shares, each twelve months after the latter general meeting, a general meeting will be convened and held at which meetings purchase or withdrawal of the preferred shares will be considered, such until no preferred shares will be outstanding.

The provisions above in this paragraph 4 will not apply to preferred shares issued pursuant to a resolution of the general meeting.

5. The previous provisions of this article shall apply *mutatis mutandis* to granting rights to acquire shares, but do not apply to the issue of shares to a party exercising a previously obtained right to acquire shares.
6. Issue of shares shall never be below par, without prejudice to the provisions of article 2:80 paragraph 2 Dutch Civil Code.
7. Ordinary shares shall be issued against payment of at least the nominal value; preferred shares may be issued against partial payment, provided that at least one fourth of the nominal value must be paid upon the issuance.
8. Payment on shares must be made in cash to the extent that no other contribution has been agreed, subject to the provisions of article 2:80b Dutch Civil Code.

Payment in foreign currency may only be made with the permission of the company and also subject to the provisions of article 2:80a paragraph 3 Dutch Civil Code.

9. The Management Board may at any desired time determine the day on which further payments on non-fully paid-up preferred shares must be made, and in what amount.

The Management Board shall give the holders of the preferred shares immediate notice of such resolution; there must be at least thirty days between that notification and the day on which the payment must have occurred.

10. The Management Board is authorized, without any prior approval of the general meeting, to perform legal acts within the meaning of article 2:94 paragraph 1 Dutch Civil Code.

## **Pre-emptive rights**

### **Article 6.**

1. Without prejudice to the applicable legal provisions, upon the issue of ordinary shares, each holder of ordinary shares has a pre-emptive right in proportion to the aggregate amount of ordinary shares held by him.
2. Upon the issue of preferred shares, every holder of preferred shares has a pre-emptive right in proportion to the aggregate amount of preferred shares held by him.
3. Holders of preferred shares have no pre-emptive right to ordinary shares to be issued. Holders of ordinary shares have no pre-emptive right to preferred shares to be issued.
4. A shareholder shall have no pre-emptive right in respect of shares:
  - issued for a non-cash contribution;
  - issued to employees of the company or of a group company; and
  - that are issued to a party exercising a previously obtained right to acquire shares.
5. The Management Board shall announce an issue with pre-emptive rights and the time frame within which the pre-emptive rights may be exercised in the Government Gazette (*Staatscourant*), in the official price list, and in a national daily distributed newspaper and in such other manner as may be required to comply with applicable stock exchange regulations, if any, unless the announcement to all holders of shares is made in writing and sent to the address stated by them.
6. The pre-emptive right may be exercised at least two weeks after the day of the announcement in the Government Gazette or, if the announcement is made in writing, at least two weeks after the day of the mailing of the announcement.
7. The pre-emptive right may be restricted or excluded by resolution of the general meeting or by the Management Board if designated

thereto by the general meeting, for a period not exceeding five years, and also authorized to issue shares during that period.

Unless it has been determined otherwise at the designation, the right of the Management Board to restrict or to exclude the pre-emptive right cannot be revoked.

The designation may be renewed at any general meeting for a period not exceeding five years.

Unless the Management Board is designated to restrict or to exclude the pre-emptive right, a resolution to restrict or exclude the pre-emptive right will be passed on proposal of the Management Board.

A resolution by the general meeting or by the Management Board to restrict or exclude the pre-emptive right is subject to the prior approval of the Supervisory Board.

In the proposal in respect thereof, the reasons for the proposal shall be explained in writing.

8. A resolution of the general meeting to restrict or exclude the pre-emptive right or to designate the Management Board as referred to in paragraph 7 requires a majority of at least two-thirds of the votes cast, if less than half of the issued capital is represented at the meeting.

Within eight days after said resolution, the Management Board shall deposit a complete text thereof at the Trade Register.

9. In granting rights to acquire ordinary or preferred shares, the holders of ordinary shares or preferred shares, respectively, have a pre-emptive right; the above provisions of this article shall apply.

### **Own shares, right of pledge on own shares**

#### **Article 7.**

1. The company cannot subscribe for shares in its own capital.
2. Any acquisition by the company of shares in its own capital that are not fully paid-up shall be null and void.
3. In accordance with the provisions of article 2:98 Dutch Civil Code, the company may acquire fully paid-up shares in its own capital if:
  - a. the shareholders' equity less the acquisition price is not less than the sum of the paid in and called up part of its capital and the reserves that it is required to maintain by law;
  - b. the nominal value of the shares to be acquired in its capital, which the company itself holds or holds in pledge, or which are held by a subsidiary is not more than half of the issued capital; and
  - c. the acquisition is authorized by the general meeting.

The authorization shall be valid for a maximum of eighteen months.

The general meeting shall determine in the authorization the number and class of shares that may be acquired, how they may be acquired and the price range.

The authorization is not required for the acquisition of shares on a stock market in order to transfer them to employees of the company or of a group company pursuant to a scheme applicable to such employees.

4. For the purposes of subparagraph a of paragraph 3, the amount of the shareholders' equity according to the last adopted balance sheet shall be reduced by the acquisition price of shares in the capital of the company, the amount of loans as described in article 2:98c paragraph 2 Dutch Civil Code and distributions to others from profits or reserves which may have become due by the company and its subsidiaries after the balance sheet date. If more than six months have elapsed since the commencement of the financial year, and no annual accounts have been adopted, then an acquisition in accordance with paragraph 3 above shall not be permitted.
5. The company may only take its own shares in pledge in accordance with the applicable statutory provisions.
6. The company is not entitled to any distributions from shares in its own capital.

In the calculation of the distribution of profits, the shares referred to in the previous sentence are not counted unless there is a right of

usufruct or right of pledge on such shares, and if the pledgee is entitled to the distributions on the shares for the benefit of a party other than the company.

7. At the general meeting no vote may be cast for shares held by the company or a subsidiary.

Usufructuaries of shares that belong to the company or a subsidiary are, however, not excluded from exercising their right to vote if the right of usufruct was created before the share belonged to the company or a subsidiary.

The company or a subsidiary cannot cast a vote for a share on which it has a right of usufruct.

In determining the extent to which the shareholders vote, are present or represented, or the extent to which the share capital is provided or represented, the shares on which, by law, no vote may be cast shall not be taken into account.

8. A subsidiary may not subscribe shares in the capital of the company for its own account or have such shares issued to it.

9. The preceding paragraphs shall not apply to shares which the company acquires

- for no consideration; or
- by universal succession of title (*verkrijging onder algemene titel*).

10. The term 'shares' as used in this article shall include depositary receipts issued for shares.

#### **Article 8.**

1. The company may not provide collateral, guarantee the price, otherwise guarantee or bind itself jointly or severally with or for third parties, for the purpose of the subscription or acquisition by third parties of shares in its capital.

This prohibition shall also extend to any subsidiaries.

2. The company and its subsidiaries may not provide loans for the purpose of the subscription or acquisition by third parties of shares in the capital of the company, unless the Management Board resolves to do so and the requirements described in article 2:98 Dutch Civil Code are met.

3. Paragraphs 1 and 2 shall not apply if shares or depositary receipts of shares are subscribed or acquired by or for employees of the company or a group company.

#### **Reduction of capital**

#### **Article 9.**

1. The general meeting may decide to reduce the issued capital upon proposal by the Management Board, which has been approved by the Supervisory Board and subject to the provisions of article 2:99 Dutch Civil Code, by cancellation of shares or by reducing the amount of the shares by amendment of these articles of association.

This resolution must designate the shares to which the resolution pertains and must provide for the implementation of the resolution.

A resolution for cancellation of shares may only relate to:

- shares held by the company itself or of which it holds the depositary receipts;
- preferred shares with repayment of the nominal amount paid on the preferred shares, increased by (i) any deficit in the payment of dividend as referred to in article 21 paragraph 2 and (ii) an amount equal to the percentage referred to in article 21 paragraph 2 on the compulsory amount paid on the preferred shares, calculated over the period starting on the first day of the last full financial year prior to the cancellation and ending on the day of the payment on preferred shares as referred to in this article, with due observance of the fact that any and all dividends and/or other distributions paid on the preferred shares relating to such period shall be deducted from the payment as referred to in this subparagraph.

2. Partial repayment on shares or discharge of the obligation to pay, as referred to in article 2:99 Dutch Civil Code, may also be effected

exclusively with respect to a separate class of shares.

A partial repayment or discharge must be effected in proportion to all shares involved. From this requirement may be deviated from with the consent of all shareholders concerned.

3. For a resolution to reduce the capital, a majority of at least two-thirds of the votes cast shall be required if less than half of the issued capital is represented at the meeting.

A resolution to reduce capital requires prior or simultaneous approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced.

The above referred to approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced requires a majority of at least two-thirds of the votes cast if less than half of the issued capital of the relevant class of shareholders is represented at such meeting.

The convocation for a meeting at which a resolution referred to in this article will be passed shall state the purpose of the capital reduction and how it is to be implemented; article 27 paragraph 2 shall apply accordingly.

## **Register of shareholders**

### **Article 10.**

1. The Management Board shall keep a register in which the names and addresses of all holders of shares are recorded, indicating the date on which they acquired the shares, the date of the acknowledgement or service as well as the amount paid-up on each share. If also an electronic address is disclosed by a shareholder for the purpose of entry into the register, such disclosure is deemed to entail the consent to receive all notifications and announcements for a meeting via electronic means.

2. The Management Board shall be authorized to keep a part of the register outside the Netherlands.

The Management Board may authorize an agent to keep the register for the purposes as meant in this article.

3. The Management Board shall determine the form and contents of the register with due observance of the provisions of paragraphs 1 and 2 hereof.
4. Upon request the Management Board shall provide shareholders and those who have a right of usufruct or pledge in respect of such shares free of charge with an extract from the register in respect of their rights to a share.
5. The Management Board shall be authorized to provide the authorities with information and data contained in the register of shareholders or have the same inspected to the extent that this is requested to comply with applicable foreign legislation or rules of the stock exchange where the company's shares are listed.

## **Transfer of shares, usufruct, pledge**

### **Article 11.**

1. A transfer of a share or a right in rem (*beperkt recht*) thereto requires a deed of transfer and, except in the event the company itself is party to that legal act, acknowledgement in writing by the company of the transfer.

The acknowledgement shall be given in the deed, or by a dated statement embodying such acknowledgement on the deed or on a copy or extract thereof duly authenticated by a civil-law notary or by the transferor.

Service of the deed of transfer, copy or extract on the company shall be deemed to be equal to acknowledgement.

2. The provisions of paragraph 1 shall apply *mutatis mutandis* to the creation or release of a right of usufruct and a right of pledge.

A pledge may also be established on a share without acknowledgement by or service on the company.

In such cases, article 3:239 Dutch Civil Code shall be equally applicable, whereby the notification by a shareholder as referred to in paragraph 3 of that article, shall be replaced by acknowledgement by or service on the company.

## **Restriction on the transfer of preferred shares**

## **Article 12.**

1. Each transfer of preferred shares requires the approval of the Management Board, which resolution of the Management Board requires the prior approval of the Supervisory Board.

The transfer must be effected within three months after the referred approval has been granted.

2. The approval of the Management Board shall be applied for by means of a letter directed to the company, setting out the number of preferred shares for which a decision is sought and the name of the person to whom the applicant wishes to make the transfer.
3. Approval of the Management Board shall be deemed to have been granted, if no decision on the application for approval has been made within one month.

Approval of the Management Board shall also be deemed to have been granted, if the Management Board fails to inform the applicant of one or more interested parties which are willing and able to purchase all shares to which the application pertains at the same time as denying the requested approval.

4. The price to be paid for the shares with respect to which a request has been made shall be determined by mutual agreement of the applicant and the Management Board.

If they fail to reach agreement, the price shall be established by the registered accountant or a firm of registered accountants as referred to in article 20 paragraph 3.

5. The applicant is authorized to withdraw within one month after being definitively informed of the price.
6. The company may only be designated as an interested party with the applicant's approval.
7. If, within one month after being informed of the definite price, the applicant has not withdrawn the request to transfer, the preferred shares, to which the application pertained, must be transferred to the interested party (parties) against payment within one month after the aforementioned period elapses.

If the seller remains in default as to transferring the preferred shares within this period, the company shall be irrevocably authorized to proceed to deliver the preferred shares, subject to the obligation of paying the purchase price to the seller.

8. If a legal person, which holds preferred shares, is dissolved, if a holder of preferred shares is declared bankrupt or has been granted suspension of payments and in the event of a transfer of preferred shares under universal title, the holder of preferred shares, or its successors in title is/are obliged to transfer the preferred shares to one or more persons designated by the Management Board in accordance with the provisions of this article.

If the Management Board remains in default as to designating one or more persons, who are willing and able to purchase all preferred shares the holder, respectively, his successor(s) in title is/are allowed to keep these shares.

In the event of non-compliance with this obligation within three months after the obligation has arisen, the company shall be irrevocably authorized to effect the transfer, provided that it involves all shares, on behalf of the holder of the preferred shares in default, or its successor(s) in title, in accordance with the provisions of this article.

## **Management Board**

### **Article 13.**

1. The company shall have a Management Board consisting of one or more members.

The number of members of the Management Board shall be determined by the Supervisory Board.

2. Each member of the Management Board shall be appointed for a maximum period of four years.

Except if such member of the Management Board has resigned at an earlier date, his term of office shall lapse on the day of the general meeting, to be held in the fourth year after the year of his appointment.

A member of the Management Board may be re-appointed with due observance of the preceding sentence.

3. The Management Board shall appoint from its members a Chief Executive Officer and a Chief Financial Officer.
4. Members of the Management Board shall be appointed by the general meeting from a binding nomination to be drawn up by the Supervisory Board in accordance with article 2:133 Dutch Civil Code.

With due observance of the provisions in paragraph 1, the number of members of the Management Board shall be determined by the Supervisory Board.

5. The Management Board shall invite the Supervisory Board to make a binding nomination.

If the Supervisory Board fails to make use of its right to submit a binding nomination, the general meeting shall be free in its choice.

In such case, the resolution for the appointment of a member of the Management Board by the general meeting shall require a majority of at least two-thirds of the votes cast representing more than half of the company's issued capital.

6. Notwithstanding the foregoing, the general meeting may at all times, by a resolution passed with a two-third majority of the votes cast, representing more than one-half of the issued capital, resolve that such a nomination shall not be binding.

In such case, a new meeting is called at which the resolution for the appointment of a member of the Management Board shall require a majority of at least two-thirds of the votes cast representing more than half of the company's issued capital.

7. At a general meeting, votes in respect of the appointment of a member of the Management Board, can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto.

8. Members of the Management Board may be suspended or dismissed by the general meeting at any time.

A resolution of the general meeting to suspend or dismiss a member of the Management Board pursuant to a proposal by the Supervisory Board shall be passed with an absolute majority of the votes cast.

A resolution of the general meeting to suspend or dismiss a member of the Management Board other than pursuant to a proposal by the Supervisory Board shall require a two-third majority of the votes cast representing more than half of the company's issued capital.

With respect to the resolution of the general meeting referred to in the previous sentence, the provision included in article 2:120 paragraph 3 Dutch Civil Code is not applicable.

9. Members of the Management Board may be suspended by the Supervisory Board at any time.

10. A suspension may last no longer than three months in total.

11. The company has a policy governing the remuneration of the Management Board.

The policy will be adopted by the general meeting.

The remuneration of each member of the Board of Management will be determined by the Supervisory Board with due observance of the remuneration policy.

#### **Article 14.**

1. With due observance of the limitations set out by these articles of association, the Management Board is charged with the management of the company.
2. The Management Board shall draw up a set of regulations, including provisions in respect of, among other things, the manner of convocation of its meetings, the supplying of information to the Supervisory Board, and concerning a conflict of interest between the company and a member of the Management Board.

The resolution of the Management Board to establish such rules is subject to the approval of the Supervisory Board.

3. The Management Board may adopt an internal allocation of duties for each member of the Management Board individually.

The internal allocation of duties can be implemented in the rules as referred to in the previous paragraph.

The resolution of the Management Board to establish such allocation of duties is subject to the approval of the Supervisory Board.

Without prejudice to its own responsibility, the Management Board is authorized to appoint persons with such authority to represent the company and, by granting of a power of attorney, conferring such titles and powers as shall be determined by the Management Board.

4. With due observance of the provisions of these articles of association, the Management Board resolutions relating to any of the following matters shall be subject to the approval of the Supervisory Board:
  - a. issue and acquisition of shares of the company and debt instruments issued by the company or of debt instruments issued by a limited partnership or general partnership of which the company is a fully liable partner;
  - b. application or the withdrawal for quotation of the securities referred to under a. in the listing of any stock exchange;
  - c. participation for a value of at least one fourth of the amount of the issued capital with the reserves according to the most recently adopted balance sheet with explanatory notes of the company by the company or by a dependent company in the capital of another company, as well as to a significant increase or reduction of such a participation;
  - d. investments involving an amount equal to at least the sum of one-quarter of the company's issued capital plus the reserves of the company as shown in its balance sheet and explanatory notes;
  - e. a proposal to amend the articles of association;
  - f. a proposal to dissolve (*ontbinden*) the company;
  - g. a proposal to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*);
  - h. application for bankruptcy and for suspension of payments (*surseance van betaling*);
  - i. a proposal to reduce the issued share capital.
  - j. undertaking any such legal acts as shall be determined and clearly defined by the Supervisory Board and notified to the Management Board in writing.
5. Without prejudice to the provisions above, decisions of the Management Board involving a major change in the company's identity or character are subject to the approval of the general meeting and the Supervisory Board, including:
  - a. the transfer of the enterprise or practically the whole enterprise to third parties;
  - b. to enter or to terminate longstanding joint ventures of the company or a subsidiary with another legal entity or company or as fully liable partner in a limited partnership or a general partnership if this joint venture or termination of such a joint venture is of a major significance to the company;
  - c. to acquire or dispose of a participation in the capital of a company worth at least one third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if the company prepares a consolidated balance sheet according to such consolidated balance sheet with explanatory notes according to the last adopted annual account of the company, by the company or a subsidiary.
6. Failure to obtain the approval defined in paragraphs 4 and 5 of this article shall not affect the authority of the Management Board or the members of the Management Board to represent the company.

## Article 15.

In the event that one or more members of the Management Board are absent or prevented from acting, the remaining members of the Management Board or the sole remaining member of the Management Board shall be entrusted with the management of the company.

In the event that all the members of the Management Board or the sole member of the Management Board is absent or prevented from acting, a person to be appointed for that purpose by the Supervisory Board, whether or not from among its members, shall be temporarily entrusted with the management of the company.

## **Representation**

### **Article 16.**

1. The company shall be represented by the Management Board.

In addition, the authority to represent the company is vested in each member of the Management Board acting solely.

2. In all events of the company having a conflict of interest with one or more members of the Management Board within the meaning of article 2:146 Dutch Civil Code, the company shall continue to be represented in the manner described in the second sentence of paragraph 1 above without prejudice to mandatory provisions of Book 2 Dutch Civil Code.

In all events in which the company has a conflict of interest with a member of the Management Board in his private capacity, the board resolution regarding that relevant legal act requires the approval of the Supervisory Board.

Failure to obtain the approval defined in the previous sentence shall not affect the Management Board or the members of the Management Board's authority to represent the company.

3. A member of the Management Board shall not take part in decision making on a subject or transaction in relation to which he has a conflict of interest with the company.

## **Supervisory Board**

### **Article 17.**

1. The company shall have a Supervisory Board consisting of three or more natural persons.

If there are less than three Supervisory Board members, the Board shall proceed without delay to supplement the number of its members.

2. With due observance of the provisions in paragraph 1, the number of members of the Supervisory Board shall be determined by the Supervisory Board.

The Supervisory Board shall prepare a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the members of the Supervisory Board.

3. Each member of the Supervisory Board shall be appointed by the general meeting, for a maximum of four years.

Except if such member of the Supervisory Board has resigned at an earlier date, his term of office shall lapse on the day, of the first annual meeting, to be held when four years after his last appointment have lapsed.

The members of the Supervisory Board shall retire periodically in accordance with a rotation schedule.

4. The provisions of paragraphs 4, 5, 6, 7 and 8 of article 13 will apply similarly to the appointment, suspension and dismissal of members of the Supervisory Board.

5. A suspension of members of the Supervisory Board may last no longer than three months in total, even after having been extended one or more times.

6. The duties of the Supervisory Board shall be the supervision of the conduct of management by the company's Management Board and of the general course of affairs of the company and of any affiliated enterprise.

The Supervisory Board shall assist the Management Board by rendering advice.

In performing their duties, the members of the Supervisory Board shall be guided by the interests of the company and of any enterprise affiliated therewith.

7. The division of duties within the Supervisory Board and its decision making process and working methods shall be laid down in a set of

regulations, including among other things, a paragraph dealing with its relations with the Management Board and the general meeting.

8. Each financial year the Supervisory Board shall make a report, which report shall be included in the annual report of the company.
9. The Management Board shall provide the Supervisory Board with the information necessary for the performance of its duties, in a timely manner.
10. The Management Board shall inform the Supervisory Board at least once each year in writing of the strategy generally, the general and financial risks and the management and control systems of the company.
11. The general meeting shall determine the remuneration of each member of the Supervisory Board.

#### **Article 18.**

1. The Supervisory Board shall appoint a chairman from among its members.

The Supervisory Board may be assisted by the company secretary.

The company secretary shall, either on the recommendation of the Supervisory Board or otherwise, be appointed and dismissed by the Management Board, after the approval of the Supervisory Board has been obtained.

2. In the absence of the chairman in a meeting, the meeting shall appoint a chairman from among those present.
3. The Supervisory Board shall appoint from among its members an audit committee, a remuneration committee and a nomination and corporate governance committee.
4. The Supervisory Board shall hold meetings as often as one or more of its members shall desire, as often as the Management Board shall request, or as often as necessary in pursuance of the provisions of these articles of association.

#### **Indemnification of members of the Management Board and members of the Supervisory Board**

##### **Article 19.**

1. The company shall indemnify any person who is a member of the Management Board or the Supervisory Board (each of them an '**indemnified person**') and who was or is in his capacity as member of the Management Board or the Supervisory Board a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal or administrative or any action, suit or proceeding in order to obtain information (other than an action, suit or proceeding instituted by or on behalf of the company), against any and all liabilities including all expenses (including attorneys' fees), judgments, fines, amounts paid in settlement and other financial losses, actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company.

The termination of any action, suit or proceeding by a judgment, order, settlement, conviction, or the failure to put up a defense or its equivalent, shall not, in and of itself, create a presumption that the person did not act in good faith and not in a manner which he reasonably could believe to be in or not opposed to the best interests of the company. The indemnified person is obliged to inform the company as soon as practically possible about any claim or any circumstance that could lead to a claim.

2. No indemnification pursuant to paragraph 1 of this article shall be made in respect of any claim, issue or matter:
  - as to which such person shall have been adjudged in a final and non-appealable judgment by a Dutch judge to be liable for gross negligence or willful misconduct in the performance of his duty to the company, unless and only to the extent that the judge before whom such action or proceeding was brought or any other Dutch judge having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to a compensation which the judge before whom such action or proceeding was brought or such other judge having appropriate jurisdiction shall deem proper; or
  - insofar costs and losses have been insured under any insurance and the insurance company has reimbursed to him the costs and losses.

3. Expenses (including attorneys' fees) incurred by an indemnified person in defending a civil or criminal action, suit or proceeding shall be paid by the company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of an indemnified person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company as authorized in this article.
4. The indemnification provided for by this article shall not be deemed exclusive of any other right to which a person seeking indemnification or advancement of expenses may be entitled under the laws of the Netherlands as from time to time amended or under any by-laws, agreement, resolution of the general meeting or of the members of the Management Board or Supervisory Board who are not an interested party in this matter or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such position, and shall continue as to a person who has ceased to be a member of the Management Board or the Supervisory Board, but was a member of the Management Board or Supervisory Board at any time after the execution of this deed of amendment and shall also inure to the benefit of the heirs, executors and administrators of the estate of such person.
5. The company may purchase and maintain insurance on behalf of any indemnified person, whether or not the company would have the power to indemnify him against such liability under the provisions of this article.
6. No amendment or repeal of this article shall adversely affect any right to protection of any person entitled to indemnification or advancement of expenses under this article prior to such amendment or repeal.

By the amendment or repeal of this article an amendment can be made in the protection of any persons that have been (re-)appointed as member of the Management Board or Supervisory Board after the amendment or repeal of this article.

#### **Financial year, annual accounts, annual report**

##### **Article 20.**

1. The company's financial year shall begin on the first day of July and end on the thirtieth day of June of the following year.
2. The Management Board shall prepare the annual accounts within the period prescribed by law.

The annual accounts shall be signed by all members of the Management Board and all members of the Supervisory Board.

If the signature of one or more of them is lacking, this fact and the reason therefore shall be indicated.

The Management Board shall also, within the period mentioned above, prepare an annual report.

3. The general meeting shall instruct a registered accountant or a firm of registered accountants, as defined in article 2:393 paragraph 1 Dutch Civil Code, to audit the annual accounts and the annual report by the Management Board, to report thereon, and to issue an auditor's certificate with respect thereto.
4. If the general meeting fails to issue such instructions, the Supervisory Board shall be authorized to do so, and if the latter fails to do so, the Management Board.
5. The company shall ensure that, as of the day on which a general meeting at which they are to be considered, is called, the annual accounts, the annual report and the additional information to be provided pursuant to article 2:392 paragraph 1 Dutch Civil Code are available for examination by those entitled to attend meetings.

The company shall make copies of the documents referred to in the previous sentence available free of charge to those entitled to attend meetings.

If these documents are amended, this obligation shall also extend to the amended documents.

6. The annual accounts shall be adopted by the general meeting.
7. The annual accounts shall not be adopted if the general meeting is unable to take cognizance of the certificate as referred to in paragraph 3 of this article, unless, together with the remaining information as referred to in article 2:392 Dutch Civil Code, a legitimate ground is given why the certificate is lacking.

After the proposal to adopt the annual accounts has been dealt with, the proposal will be made to the general meeting to discharge the members of the Management Board in respect of their conduct of management and the members of the Supervisory Board for their supervision thereon during the relevant financial year insofar this appears from the annual accounts.

8. The company shall be obliged to make its annual accounts publicly available at the Trade Register.

## **Allocations of profit**

### **Article 21.**

1. The company may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that the company's shareholders' equity exceeds the sum of the paid-in capital and the reserves which it is required by law to maintain.
2. From the profits as they appear from the annual accounts:

- first of all, on the preferred shares a dividend will be distributed to the amount of a percentage on the amount paid on those shares, which equals twelve months 'EURIBOR', as published by De Nederlandsche Bank N.V. - calculated according to the number of days the rate applied - during the financial year to which the distribution relates, increased by a premium to be determined by the Management Board with the approval of the Supervisory Board in line with market conditions per the date of the first issue of the preferred shares with a maximum of five hundred basis points.

If and to the extent that the profit is not sufficient to fully make a distribution meant afore in this paragraph, the deficit shall be paid from the reserves.

In case of cancellation with repayment of preferred shares, on the day of repayment a distribution shall be made on the cancelled preferred shares, which distribution shall be calculated to the extent possible in accordance with the provision referred to above and with regard to the current financial year to be calculated time wise over the period from the first day of the current financial year, or if the preferred shares have been issued after such day, as from the day of issue, until the day of repayment without prejudice to the provisions of article 2:105 paragraph 4 Dutch Civil Code.

In the event that in a financial year the profit or the distributable reserves (as the case may be) are not sufficient to make the distributions meant above in this article, the provisions above shall apply over the following financial years until the deficit has been cleared;

- Secondly, the Management Board shall determine, subject to prior approval of the Supervisory Board, which part of the profits remaining after application of the first bullet shall be reserved.

The part of the profits not reserved, shall be at the disposal of the general meeting.

3. After the approval of the Supervisory Board, the Management Board may make interim distributions only to the extent that the requirements set forth in paragraph 1 above are satisfied as apparent from an (interim) financial statement drawn up in accordance with the law.
4. After the approval of the Supervisory Board, the Management Board may decide that a distribution on shares is not made entirely or partly in cash, but rather in shares in the company.
5. On proposal of the Management Board which has been approved by the Supervisory Board, the general meeting may decide to make payments to holders of shares from the distributable part of the shareholders' equity.
6. Any claim a shareholder may have to a distribution shall lapse after five years, to be computed from the day on which such a distribution becomes payable.

## **General meetings**

### **Article 22.**

1. The annual general meeting shall be held every year within six months of the end of the financial year, in which shall, in any event, be considered:
  - the consideration of the annual report;

- the adoption of the annual accounts;
- any other matters put forward by the Supervisory Board or Management Board and announced pursuant to this article.

In the event the period preparing the annual accounts as set forth in article 20 paragraph 2 of these articles of association is extended in conformity with applicable law, the matters indicated in the previous sentence will be dealt with in a general meeting to be held no later than one month after the extension.

2. General meetings will be held in Amsterdam, Baarlo, Venlo, The Hague, Rotterdam or in Haarlemmermeer (Schiphol).
3. General meetings shall be convened by the Supervisory Board or the Management Board in the manner and with reference to the applicable provisions of the legislation and applicable stock exchange regulations and with consideration of the applicable terms.
4. The convocation states:
  - a. the subjects to be discussed;
  - b. the place and time of the general meeting;
  - c. the procedure for participation in the general meeting and the exercise of voting rights in person or by proxy.
5. Extraordinary general meetings shall be held as often as the Management Board or the Supervisory Board deems this necessary.
6. An item proposed by one or more shareholders having the right thereto according to applicable law, will be included in the convocation or announced in the same manner, provided the company receives such substantiated request or a proposal for a resolution in writing no later than the sixtieth day prior to the day of the meeting.

### **Article 23.**

1. The general meetings will be chaired by the chairman of the Supervisory Board, or, in his absence, by a member of the Supervisory Board appointed by the Supervisory Board; if the chairman of the Supervisory Board is absent and no other member of the Supervisory Board has been appointed in his place, the general meeting shall appoint the chairman.
2. Minutes shall be kept of the items dealt with at the general meeting.  
  
The minutes shall be adopted by the chairman and the company secretary and shall be signed by them in witness thereof.
3. The chairman of the meeting as well as any member of the Management Board may at all times commission the drawing up of a notarial record of the meeting at the company's expense.
4. The chairman shall decide on all disputes with regard to voting, admitting people and, in general the procedure at the meeting, insofar as this is not provided for by law or the articles of association.

### **Article 24.**

1. Each shareholder, as well as each other person with voting rights and/or meeting rights, is entitled, in person or through an attorney authorized in writing for the specific meeting, or by proxy, to attend the general meeting, to address the meeting and, in the event the shareholder is entitled to the voting rights, to exercise the voting rights.
2. The Management Board may resolve that for the application of the provision in paragraph 1, persons with voting rights and/or meeting rights are considered to be those persons who (i) on a date determined by the Management Board (the ' **record date** ') are persons with voting rights and/or meeting rights with respect to a share, and (ii) are registered in (a) register(s) determined by the Management Board (the '**register**'), provided that (iii) that person with voting rights and/or meeting rights gave notice to the company of his intention to attend the general meeting, irrespective of who at the time of the general meeting is a person with voting rights and/or meeting rights.

The notice must state the name and the number of shares for which the person is entitled to vote and/or to attend the general meeting.

The provisions regarding the notice apply *mutatis mutandis* to a holder of a proxy of a person with voting rights and/or meeting rights.

3. In case the Management Board does not use the authority referred to in paragraph 2, persons with voting rights and/or meeting rights with respect to shares, must give written notice to the Management Board of their intention to exercise the rights referred to in paragraph 1 at the general meeting, at such places and at such date as the Management Board will give notice of in the notice for the general meeting.
4. Insofar applicable, the convocation notice shall state the record date as well as where and how the registration as referred to in paragraph 2 is to take place, and, in so far as votes can be cast electronically, the way in which the rights of the person entitled to vote and to attend a meeting can be exercised.
5. A person entitled to vote and/or attend meetings, who wants to be represented in the general meeting by an attorney authorized in writing or proxy, must hand in their power of attorney or duly executed proxy at the office of the company or at another place to be designated by the company within the period laid down on the convocation notice; or inform the company about the power of attorney by electronic means.

The Board of Management may decide that the proxies from those entitled to vote are attached to the attendance list.

6. The attendance list must be signed by each person with voting rights and/or meeting rights or his representative.
7. The members of the Management Board and the Supervisory Board shall have the right to attend the general meeting.
8. The Management Board may decide that every shareholder is entitled to participate in, to address and to vote in the general meeting by way of an electronic means of communication, in person or by proxy, provided the shareholder may by the electronic means of communication be identified, directly take notice of the discussion in the meeting and participate in the deliberations.

The Management Board may adopt a resolution containing conditions for the use of electronic means of communication in writing.

If the Management Board has made such regulation, such conditions will be disclosed with the notice convening the meeting.

9. In the event a record date issued as referred to in paragraph 2, the Management Board may stipulate that votes cast prior to the general meeting by electronic means are equated with votes cast during the meeting.

These votes, in order to be valid, must be cast by a holder of voting rights on the record date and may not be cast earlier than on the record date.

## **Article 25.**

1. Each share shall confer the right to cast one vote.
2. Insofar as the law or these articles of association do not prescribe a larger majority, resolutions shall be passed by a simple majority of votes cast in a meeting where at least one third of the outstanding shares are represented.
3. The chairman of the meeting determines the method of voting, which includes oral, written or electronic voting.

In the event of the election of persons, anyone entitled to vote may demand that voting shall take place by written ballot.

Voting by written ballot shall take place by means of sealed, unsigned ballot papers.

4. In the event the votes tie, the issue shall be decided by drawing lots, if it involves a proposal pertaining to individuals.

If it concerns matters, the proposal shall be rejected in the event the votes tie.

5. Blank votes and invalid votes shall be considered as not having been cast.

## **Meetings of holders of preferred shares**

### **Article 26.**

Meetings of holders of preferred shares are held as frequently as a resolution is required by the meeting in question and as frequently as is deemed desirable by either the Management Board or the Supervisory Board, or by one or more holder(s) of preferred shares.

The provision of articles 22 through 25 apply *mutatis mutandis*, this with the exceptions that (i) the convocation shall be effected no later than the eighth day preceding the meeting, (ii) the meeting arranges the chairmanship shall not apply and (iii) the convocation will be affected by means of a notice of the meeting at the addresses of the holders of preferred shares listed in the shareholders' register or to the extent the holder of preferred shares consents thereto, he/she may be notified by a legible message sent electronically to the address that he/she has given to the company for this purpose.

#### **Amendments to the articles of association, legal merger, demerger, dissolution and liquidation**

##### **Article 27.**

1. On proposal of the Management Board which has been approved by the Supervisory Board, the general meeting may resolve to amend the company's articles, to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*), or to dissolve the company.
2. The full proposal shall be available at the offices of the company from the day of the convocation to the general meeting until the close of same for inspection by those who are entitled to attend meetings; the copies of this proposal shall be made available free of charge to those who are entitled to attend meetings.

This shall be stated in the convocation advertisement.

3. Upon dissolution, the liquidation of the company shall be effected by the Management Board, unless the general meeting has designated other liquidators.
4. The remainder of the company's assets after payment of all debts and the costs of the liquidation shall be distributed as follows:
  - a. first, the holders of the preferred shares shall be paid the nominal amount paid on their preferred shares, increased by (i) any deficit in the payment of dividend as referred to in article 21 paragraph 2 and (ii) an amount equal to the percentage referred to in article 21 paragraph 2 on the compulsory amount paid on the preferred shares, calculated over the period starting on the first day of the last full financial year prior to the liquidation and ending on the day of the payment on preferred shares as referred to in this article, with due observance of the fact that any and all dividends and/or other distributions paid on the preferred shares relating to such period shall be deducted from the payment as referred to in this subparagraph;
  - b. the remainder shall be paid to the holders of ordinary shares, in proportion to the number of ordinary shares that each party owns.
5. During the liquidation, the provisions of the articles of association shall remain in force in as much as possible.

**CERTIFICATION**

I, Robert S. Keane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vistaprint N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2013

/s/ Robert S. Keane

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**Robert S. Keane**  
**Chief Executive Officer**

## CERTIFICATION

I, Ernst J. Teunissen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vistaprint N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2013

/s/ Ernst J. Teunissen

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Ernst J. Teunissen  
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Vistaprint N.V. (the "Company") for the fiscal quarter ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert S. Keane, Chief Executive Officer, and Ernst J. Teunissen, Chief Financial Officer, of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 1, 2013

/s/ Robert S. Keane

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**Robert S. Keane**  
**Chief Executive Officer**

Date: February 1, 2013

/s/ Ernst J. Teunissen

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**Ernst J. Teunissen**  
**Chief Financial Officer**

