UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☑ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended December 31, 2010

OR

o **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

VISTAPRINT N.V.
(Exact Name of Registrant as Specified in its Charter)

The Netherlands	**98-0417483**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

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

31-77-850-7700
(Registrant's Telephone Number, Including Area Code)

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 o

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a small reporting company. 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 o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

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

As of January 21, 2011, there were outstanding 42,795,163 ordinary shares of the registrant, par value €.01 per share.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VISTAPRINT N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited in thousands, except share and per share data)

	December 31, 2010	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 173,106	$ 162,727
Marketable securities	4,448	9,604
Accounts receivable, net of allowances of $79 and $53, respectively	10,353	9,389
Inventory	8,563	6,223
Prepaid expenses and other current assets	14,047	15,059
Total current assets	210,517	203,002
Property, plant and equipment, net	260,846	249,961
Software and website development costs, net	6,110	6,426
Deferred tax assets	7,359	7,277
Other assets	10,932	11,223
Total assets	$ 495,764	$ 477,889
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 16,568	$ 16,664
Accrued expenses	73,206	65,609
Deferred revenue	6,150	4,138
Current portion of long-term debt	—	5,222
Total current liabilities	95,924	91,633
Deferred tax liabilities	3,035	3,151
Other liabilities	7,474	6,991
Total liabilities	106,433	101,775
Commitments and contingencies (Note 9)		
Shareholders' equity :		
Ordinary shares, par value €0.01 per share, 120,000,000 shares authorized; 49,950,289 and 49,891,244 shares issued and 42,785,687 and 43,855,164 shares outstanding, respectively	699	698
Treasury shares, at cost, 7,164,602 and 6,036,080 shares, respectively	(86,263)	(29,637)
Additional paid-in capital	261,489	249,153
Retained earnings	211,320	166,525
Accumulated other comprehensive income (loss)	2,086	(10,625)
Total shareholders' equity	389,331	376,114
Total liabilities and shareholders' equity	$ 495,764	$ 477,889

See accompanying notes.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited in thousands, except share and per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Revenue	$ 234,064	$ 194,612	$ 404,551	$ 339,703
Cost of revenue (1)	78,834	67,876	141,667	120,741
Technology and development expense (1)	22,287	20,497	45,494	38,169
Marketing and selling expense (1)	76,411	60,013	133,944	106,545
General and administrative expense (1)	18,347	15,500	32,928	29,116
Income from operations	38,185	30,726	50,518	45,132
Interest income	92	85	191	212
Other expense, net	251	823	503	632
Interest expense	89	165	196	548
Income before income taxes	37,937	29,823	50,010	44,164
Income tax provision	3,923	2,875	5,215	4,240
Net income	$ 34,014	$ 26,948	$ 44,795	$ 39,924
Basic net income per share	$ 0.78	$ 0.62	$ 1.02	$ 0.93
Diluted net income per share	$ 0.75	$ 0.59	$ 0.99	$ 0.89
Weighted average shares outstanding — basic	43,689,651	43,208,490	43,792,280	43,066,621
Weighted average shares outstanding — diluted	45,107,135	45,336,174	45,168,760	45,066,949

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Cost of revenue	$ 197	$ 250	$ 400	$ 447
Technology and development expense	1,108	1,804	2,240	3,274
Marketing and selling expense	1,085	1,497	2,134	2,620
General and administrative expense	3,834	2,896	6,821	5,416

See accompanying notes.

VISTAPRINT N.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

	Six Months Ended December 31,	
	2010	2009
Operating activities		
Net income	$ 44,795	$ 39,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,954	21,303
Abandonment of acquired intangible assets	—	920
Loss on sale, disposal, or impairment of long-lived assets	120	146
Amortization of premiums and discounts on marketable securities	143	—
Share-based compensation expense	11,595	11,757
Tax benefits derived from share-based compensation awards	(318)	(2,930)
Deferred taxes	(96)	(25)
Changes in operating assets and liabilities, excluding the effect of an acquisition:		
Accounts receivable	(815)	(3,088)
Inventory	(1,988)	(2,332)
Prepaid expenses and other assets	336	(463)
Accounts payable	(379)	3,535
Accrued expenses and other liabilities	14,330	21,599
Net cash provided by operating activities	92,677	90,346
Investing activities		
Purchases of property, plant and equipment	(24,978)	(50,948)
Business acquisition, net of cash acquired	—	(6,496)
Maturities and redemptions of marketable securities	5,140	100
Purchases of intangible assets	(116)	—
Capitalization of software and website development costs	(3,088)	(3,147)
Net cash used in investing activities	(23,042)	(60,491)
Financing activities		
Repayments of long-term debt	(5,222)	(13,128)
Payment of withholding taxes in connection with vesting of restricted share units	(2,408)	(2,712)
Repurchase of ordinary shares	(55,458)	—
Tax benefits derived from share-based compensation awards	318	2,930
Proceeds from issuance of shares	1,815	8,069
Net cash used in financing activities	(60,955)	(4,841)
Effect of exchange rate changes on cash	1,699	123
Net increase in cash and cash equivalents	10,379	25,137
Cash and cash equivalents at beginning of period	162,727	133,988
Cash and cash equivalents at end of period	$ 173,106	$ 159,125

See accompanying notes.

VISTAPRINT N.V.

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

1. Description of Business

The Vistaprint group of companies (the “Company”) 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, the Company offers a broad spectrum of products, such as business cards, website hosting, apparel, signage, promotional gifts, brochures, online marketing and creative services. The Company focuses 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. The Company also provides 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 the Company has a variable interest and is the primary beneficiary. Intercompany balances and transactions have been eliminated.

The accompanying unaudited condensed 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 the Company’s 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, 2010 are not necessarily indicative of the results that may be expected for the year ending June 30, 2011 or for any other period. The condensed consolidated balance sheet at June 30, 2010 has been derived from the Company’s 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 condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2010 included in the Company’s Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the “SEC”).

Treasury Shares

Treasury shares are accounted for under the cost method and included as a component of shareholders’ equity. During the three months ended December 31, 2010, Vistaprint N.V. purchased 1,294,081 of its ordinary shares for a total cost of $55,458, inclusive of transaction costs, in connection with the Company’s publicly announced share repurchase program authorized by the Company’s Supervisory Board on November 4, 2010.

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 fiscal period. Diluted net income per share gives effect to all potentially dilutive securities, including share options and restricted share units (“RSUs”) using the treasury stock method as the Company’s unvested share options and RSUs do not have non-forfeitable rights to dividends.

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,	
	2010	2009	2010	2009
Weighted average shares outstanding, basic	43,689,651	43,208,490	43,792,280	43,066,621
Weighted average shares issuable upon exercise / vesting of outstanding share options/RSUs	1,417,484	2,127,684	1,376,480	2,000,328
Shares used in computing diluted net income per share	45,107,135	45,336,174	45,168,760	45,066,949
Weighted average anti-dilutive shares excluded from diluted net income per share	608,938	10,515	873,771	408,597

Share-Based Compensation

During the three and six months ended December 31, 2010, the Company recorded share-based compensation costs of $6,224 and $11,595, respectively, and $6,447 and $11,757 during the three and six months ended December 31, 2009, respectively. Share-based compensation costs capitalized as part of software and website development costs were $69 and $193 for the three and six months ended December 31, 2010, respectively, and were $120 and $263 for the three and six months ended December 31, 2009, respectively.

At December 31, 2010, there was $35,507 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 2.5 years.

Income Taxes

The Company is subject to income taxes in certain jurisdictions, including but not limited to the Netherlands, Canada, Australia, Spain, and the United States. Significant judgments, estimates and assumptions regarding future events, such as the amount, timing and character of income, deductions and tax credits, are required in the determination of the Company’s provision for income taxes. These judgments, estimates and assumptions involve interpreting the tax laws in various international jurisdictions, analyzing changes in tax laws and regulations, and estimating the Company’s levels of revenues, expenses and profits in each jurisdiction and the potential impact of each on the tax liability in any given year.

The Company operates in many jurisdictions where the tax laws relating to the pricing of transactions between related parties and the determination of permanent establishments and attribution of effectively connected income are open to interpretation, which could potentially result in tax authorities asserting additional tax liabilities with no offsetting tax recovery in other countries.

As of December 31, 2010, the Company had a liability for unrecognized tax benefits included in the balance sheet of approximately $2,218, including accrued interest of $222. The total amount of liability will reduce the effective tax rate when recognized. During the six months ended December 31, 2010, the Company recorded increases in the liability for unrecognized tax positions of $558 offset by transfers to income tax payable for audit settlements of $667, including accrued interest. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes.

One of the Company’s U.S. subsidiaries and one of its Bermuda subsidiaries are under audit by the Internal Revenue Service. Also, the same U.S. subsidiary is under audit by the Commonwealth of Massachusetts, and the Canada Revenue Agency is auditing one of the Company’s Canadian subsidiaries.

Cash, Cash Equivalents and Marketable Securities

The Company considers 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. Marketable securities, when held, consist primarily of investment-grade corporate bonds, U.S. government agency issues, and certificates of deposit. At both December 31, 2010 and June 30, 2010, the Company held one auction rate security, included in other assets, for which the recovery period is expected to be greater than twelve months as a result of failed auctions. During the three months ended December 31, 2010, the Company received a partial redemption on this auction rate security of $100 at par. The Company's marketable securities are classified as "available-for-sale securities" and carried at fair value, with the unrealized gains and losses reported in a separate component of accumulated other comprehensive income (loss). The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

The Company reviews its investments for other-than-temporary impairment whenever the fair value of an investment is less than amortized cost and evidence indicates that an investment's carrying amount is not recoverable within a reasonable period of time. There were no other-than-temporary impairments during the three and six months ended December 31, 2010 and 2009.

Cash, cash equivalents and marketable securities as of December 31, 2010 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	$173,106	$ —	$173,106
Marketable securities:			
Corporate debt securities	3,730	(2)	3,728
Certificates of deposit	720	—	720
Total current marketable securities	4,450	(2)	4,448
Municipal auction rate security	600	(40)	560
Total long-term marketable securities	600	(40)	560
Total cash and cash equivalents and marketable securities	$178,156	$ (42)	$178,114

Cash, cash equivalents and marketable securities as of June 30, 2010 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	$162,727	$ —	$162,727
Marketable securities:			
Corporate debt securities	6,772	(27)	6,745
U.S government and agency securities	1,900	—	1,900
Certificates of Deposit	960	(1)	959
Total current marketable securities	9,632	(28)	9,604
Municipal auction rate security	700	(40)	660
Total long-term marketable securities	700	(40)	660
Total cash and cash equivalents and marketable securities	$173,059	$ (68)	$172,991

Recently Adopted Accounting Pronouncements

Effective July 1, 2010, the Company adopted ASU 2009-13 Multiple-Deliverable Revenue Arrangements, which amends ASC Subtopic 650-25 Revenue Recognition—Multiple-Element Arrangements to eliminate the requirement that all undelivered elements have vendor-specific objective evidence ("VSOE") or third-party evidence ("TPE") before an entity can recognize the portion of an overall arrangement fee that is attributable to items that already have been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-

element arrangement, entities will be required to estimate the selling prices of those elements. The overall arrangement fee will be allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. Additionally, the new guidance will require entities to disclose more information about their multiple-element revenue arrangements. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Effective July 1, 2010, the Company adopted ASU 2009-14 Certain Revenue Arrangements that Include Software Elements, which amends ASC Subtopic 985-605 Software-Revenue Recognition, and addresses the accounting for revenue transactions involving software, to exclude from its scope tangible products that contain both software and non-software components that function together to deliver a product's essential functionality. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

3. Fair Value Measurements

Carrying amounts of financial instruments held by the Company, which include cash equivalents, marketable securities, accounts receivable, accounts payable, debt and accrued expenses, approximate fair value due to the short period of time to maturity of those instruments.

The Company uses a three-level valuation hierarchy for measuring fair value and expands financial statement disclosures about fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company measures the following financial assets at fair value on a recurring basis.

The fair value of these financial assets was determined using the following inputs at December 31, 2010:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 173,106	$ 173,106	$ —	$ —
Corporate debt securities	3,728	3,728	—	—
Certificates of deposits	720	720	—	—
Long-term investments (1)	560	—	—	560
Total assets recorded at fair value	$ 178,114	$ 177,554	$ —	$ 560

(1) Long-term investments consist of an auction rate security.

The Company has the intent and the ability to hold the Level 3 asset until the anticipated recovery period which it believes will be more than twelve months. The following table presents a roll forward of assets measured at fair value using significant unobservable inputs (Level 3) for the six months ended December 31, 2010:

Balance at June 30, 2010	$ 660
Redemptions	(100)
Balance at December 31, 2010	$ 560

4. Comprehensive Income

Comprehensive income is composed of net income, unrealized gains and losses on marketable securities and derivatives less amounts reclassified to net income, and cumulative foreign currency translation adjustments. The following table displays the computation of comprehensive income:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Net income	$ 34,014	$ 26,948	$ 44,795	$ 39,924
Unrealized gain on marketable securities	2	—	26	—
Reclassification of gain on cash flow hedge to net income	—	—	(49)	—
Unrealized gain on cash flow hedge, net of tax of $10 and $19, for the three and six months ended December 31, 2009	—	22	—	41
Change in cumulative foreign currency translation adjustments	(302)	(1,959)	12,734	1,178
Comprehensive income	$ 33,714	$ 25,011	$ 57,506	$ 41,143

5. Segment Information

During the quarter ended September 30, 2010, the Company changed its reportable segments to align with how operating results are reported internally to the Chief Executive Officer, who constitutes the Company's Chief Operating Decision Maker ("CODM") for purposes of making decisions about how to allocate resources and assess performance. Beginning July 1, 2010, the CODM reviews revenue and income or loss from operations based on three geographic operating segments: North America, Europe and Asia-Pacific.

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 the Company's IT operations and customer service, sales and design support. The Company does not allocate non-operating income to its segment results. There are no internal revenue transactions between the Company's reporting segments and all intersegment transfers are recorded at cost for presentation to the CODM, for example, products manufactured by the Company's Venlo, the Netherlands facility for the Asia-Pacific segment; therefore, there is no intercompany profit or loss recognized on these transactions. At this time, the Company does not allocate various support costs across operating segments, which may limit the comparability of income from operations by segment. For example, North America customer service, sales and design support does provide some customer service, sales and design support to other operating segments; however, these costs are reported in North America.

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,	
	2010	2009	2010	2009
Revenue:				
North America (1)	$ 116,697	$ 100,185	$ 218,009	$ 187,888
Europe	105,285	86,623	166,274	138,484
Asia-Pacific	12,082	7,804	20,268	13,331
Total revenue	$ 234,064	$ 194,612	$ 404,551	$ 339,703

(1) Includes referral fee revenue from membership discount programs of $0 for both the three and six months ended December 31, 2010, and $1,825 and $5,151 for the three and six months ended December 31, 2009, respectively.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Income from operations:				
North America	$ 33,997	$ 32,826	$ 61,479	$ 54,130
Europe	35,640	26,664	50,271	39,872
Asia-Pacific	2,801	3,115	3,783	5,002
Corporate and global functions	(34,253)	(31,879)	(65,015)	(53,872)
Total income from operations	$ 38,185	$ 30,726	$ 50,518	$ 45,132

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Revenue:				
United States	$ 110,517	$ 96,281	$ 207,530	$ 181,592
Non-United States	123,547	98,331	197,021	158,111
Total revenue	$ 234,064	$ 194,612	$ 404,551	$ 339,703

	December 31, 2010	June 30, 2010
Long-lived assets (1):		
Canada	$ 108,120	$ 110,780
Netherlands	80,105	73,992
Australia	42,598	36,485
Bermuda	16,923	17,152
United States	11,304	12,879
Jamaica	7,231	6,191
Switzerland	3,215	1,771
Spain	2,029	2,180
Other	2,195	2,012
	$ 273,720	$ 263,442

(1) Excludes goodwill of $4,168 for both periods presented, and deferred tax assets of $7,359 and $7,277 as of December 31, 2010 and June 30, 2010, respectively.

6. Acquisition of Soft Sight, Inc.

On December 30, 2009, the Company acquired 100% of the outstanding equity of Soft Sight, Inc. ("Soft Sight"), a privately held developer of embroidery digitization software based in the United States, for $6,500 in cash. Soft Sight's proprietary software enables a customer's uploaded graphic artwork to be automatically converted into embroidery stitch patterns for subsequent manufacturing.

The transaction was accounted for under the acquisition method of accounting. All of the assets acquired and liabilities assumed in the transaction were recognized at their acquisition-date fair values, while transaction costs and restructuring costs associated with the transaction were expensed as incurred. The transaction and restructuring costs did not have a material impact on the Company's consolidated results of operations or cash flows. Pro forma information has not been presented because the results of Soft Sight were not material to the Company's results of operations for fiscal 2010. The Company launched a line of embroidered products to customers in fiscal 2011.

Allocations of Assets and Liabilities

The Company allocated the purchase price for Soft Sight to net tangible assets of $52, deferred tax assets of $691, intangible assets of $2,647, goodwill of $4,168 and a deferred tax liability of $1,059. Of the $2,647 of acquired intangible assets, $920 was immediately expensed as there was no economic value to the Company. The carrying value of the remaining intangible assets relate to developed embroidery technology and customer lists, which are being amortized over a weighted average life of approximately 3.8 years.

The deferred tax assets primarily relate to net operating loss carryforwards that will be able to be utilized to reduce future tax liabilities. The deferred tax liability primarily relates to the tax impact of future amortization or impairments associated with the identified intangible assets acquired, which are not deductible for tax purposes.

The difference between the consideration transferred to acquire the business and the fair value of assets acquired and liabilities assumed was allocated to goodwill. This goodwill relates to the potential synergies from the integration of the Soft Sight embroidery software capabilities into the existing Vistaprint product offering. The goodwill will not be deductible for income tax purposes.

7. Long-Term Debt

During the three months ended December 31, 2010, the final balloon payment on the Company's amended Canadian credit agreement became due and was paid in full in the amount of $4,667. The Company had no remaining long-term debt obligations outstanding as of December 31, 2010.

8. Accrued Expenses

Accrued expenses included the following:

	December 31, 2010	June 30, 2010
Advertising costs	$ 22,311	$ 17,627
Compensation costs	19,762	16,263
Income and indirect taxes	15,832	12,403
Shipping costs	3,869	2,351
Professional costs	1,670	2,475
Purchases of property, plant and equipment	1,014	7,129
Other	8,748	7,361
Total accrued expenses	$ 73,206	$ 65,609

9. Commitments and Contingencies

Purchase Commitments

At December 31, 2010, the Company had unrecorded commitments under contract for site development and construction of its Jamaican customer service, sales and design support center of approximately $1,978, and to purchase production equipment for our Canadian and Australian production facilities of approximately $655 and $558, respectively.

Legal Proceedings

On July 21, 2009, Vistaprint Limited and OfficeMax Incorporated were named as defendants in a complaint for patent infringement filed by ColorQuick LLC in the United States District Court for the Eastern District of Texas. The complaint alleges that Vistaprint Limited and OfficeMax Incorporated are infringing U.S. patent 6,839,149, relating generally to systems and methods for processing electronic files stored in a page description language format, such as PDF. The plaintiff is seeking a declaration that the patent at issue is valid and enforceable, a declaration that Vistaprint Limited infringes, the entry of a preliminary and permanent injunction, and damages. The Company is unable to express an opinion as to its likely outcome and cannot reasonably estimate a potential range of loss.

On June 26, 2009, the Company and sixteen other companies were named as defendants in a complaint for patent infringement by Soverain Software LLC in the United States District Court for the Eastern District of Texas. In October 2010, the Company entered into a settlement agreement with Soverain, under which Soverain agreed to dismiss its

lawsuit. The settlement was accounted for as a recognized subsequent event for purposes of our financial statements as of September 30, 2010 and was paid during the three months ended December 31, 2010.

The Company is not currently party to any other material legal proceedings. The Company is involved, from time to time, in various legal proceedings arising from the normal course of business activities. Although the Company cannot predict with certainty the results of litigation and claims, it does not expect resolution of these matters to have a material adverse impact on its consolidated results of operations, cash flows or financial position. In all cases, at each reporting period, the Company evaluates 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. Legal proceedings previously disclosed in the Company's SEC filings may not be presented in its Form 10-Q, to the extent such matters are no longer believed to be material or have not had significant activity during the period. Legal costs are expensed as incurred.

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," "will," "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, 2010, we reported 20% and 19% revenue growth over the same prior year periods to revenue of $234.1 million and $404.6 million, respectively. Constant-currency revenue growth was 23% and 22%, respectively, for these periods. Diluted earnings per share ("EPS") grew 27% and 11% for the three and six months ended December 31, 2010 over the same prior year periods to $0.75 and $0.99, respectively. 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 and calendars. This typical seasonality was a significant driver of our stronger earnings performance in the second quarter compared to the first quarter of fiscal 2011. Revenue from seasonal products, which was a material portion of our total revenue in the second quarter of 2011, does not repeat during other quarters of the fiscal year although we do benefit from the higher rate of new customers acquired during the holiday season. We manage our business against annual targets, and believe investors should analyze our performance that way as well.

We focus on the following target markets:

"All Things Marketing" for Micro Businesses

Our long-term goal is to become the leading online provider of micro business marketing solutions for businesses with fewer than ten employees. We believe that the strength of our solution gives us the opportunity not only to capture an increasing share of the existing printing needs in our targeted markets, but also to address other marketing services demand by making available to our customers cost-effective solutions to grow their businesses. Examples of these other solutions include customized apparel, signage, promotional products, websites, graphic design and on-line marketing.

We believe our customers currently spend only a small portion of their annual budget for marketing products and services with us. By expanding the scope of our services and by improving the quality and selection of our products and services along with the customer experience, we intend to increase the amount of money our customers spend with us each year. During fiscal 2010, we added personalized notebooks, mugs, on-line search profiles, new business card options, ladies' t-shirts, stickers, mailing labels and other offerings. We also acquired Soft Sight to support future entry into the custom embroidered product market. During the six months ended December 31, 2010, we launched engraved pens, extra-large banners and several electronic services products or enhancements, including blogs, a search engine optimization tool for website customers, and personalized email domain names. We plan to continue to expand and enhance our product and service offerings in order to provide a greater selection to our existing customers and to attract customers seeking a variety of products and services. Additionally, by continuing to improve our customer acquisition and retention marketing programs, our customer service, sales and design support, and our value proposition, we seek to increase the number of products purchased by each customer.

Expanded Geographic Reach

For the six months ended December 31, 2010, revenue generated from our North American, European and Asia-Pacific segments accounted for approximately 54%, 41% and 5% of our total revenue, respectively. We believe that we have significant opportunity to expand our revenue both in the countries we currently service and in additional countries

worldwide. We have a European marketing office in Barcelona, Spain that focuses on our European growth initiatives. We completed construction of a production facility near Melbourne, Australia and launched a marketing office in Sydney, Australia in June 2010 to better support our business and customers in Australia, New Zealand, Japan, Singapore, and South Korea. In addition, in fiscal 2010 we opened two new design, sales and services centers that support European customers (one in Tunis, Tunisia, and the other in Berlin, Germany). We intend to further extend our geographic reach by continuing to introduce localized websites in different 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.

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 and apparel. We intend to add new products and services targeted at the home and family market. We believe that the economies of scale provided by cross selling these products to our extensive micro business customer base, our large production order volumes and integrated design and production software and facilities support and will continue to support our effort to profitably grow our home and family business.

Recent Developments

Although our revenue has continued to grow year over year, our revenue growth rate has declined recently, and we have a near and mid-term objective to stem this growth rate decline. One component of our plan to do so is the management and organization structure which we announced on October 28, 2010. This reorganization resulted in the creation of the roles of Chief Customer Officer and Chief Operating Officer, the promotion of two executive officers who will lead the North American and European business units, and a broad series of promotions, organizational changes, and the evolution of our reporting structure in our marketing, manufacturing and technology organizations. The new structure is designed in light of the current size and complexity of our business, with the objectives of improving value to our customers, increasing our competitive advantage through manufacturing excellence, and developing leadership talent throughout our business.

On November 4, 2010, our Supervisory Board authorized the repurchase of up to $160 million of our outstanding ordinary shares in open market or privately negotiated transactions. The terms of the repurchase program are described further in Item 2 of Part 2 of this Report. During the three months ended December 31, 2010, we repurchased 1,294,081 of our ordinary shares for a total cost of $55.5 million funded by working capital.

On November 18, 2010, we announced Michael Giannetto's decision to resign as Chief Financial Officer and the appointment of Ernst Teunissen as Executive Vice President and Chief Financial Officer effective March 1, 2011. Mr. Giannetto will remain employed by Vistaprint as an Executive Vice President through June 30, 2011. There were no significant charges related to this transition.

Results of Operations

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	33.7%	34.9%	35.0%	35.5%
Technology and development expense	9.5%	10.5%	11.2%	11.2%
Marketing and selling expense	32.7%	30.8%	33.2%	31.4%
General and administrative expense	7.8%	8.0%	8.1%	8.6%
Income from operations	16.3%	15.8%	12.5%	13.3%
Interest income	0.0%	0.0%	0.0%	0.1%
Other expense, net	0.1%	0.4%	0.1%	0.2%
Interest expense	0.0%	0.1%	0.0%	0.2%
Income before income taxes	16.2%	15.3%	12.4%	13.0%
Income tax provision	1.7%	1.5%	1.3%	1.2%
Net income	14.5%	13.8%	11.1%	11.8%

Comparison of the Three and Six Month Periods Ended December 31, 2010 and 2009

	Three Months Ended December 31,			Six Months Ended December 31,		
	2010	2009	2010-2009 % Change	2010	2009	2010-2009 % Change
Revenue	$234,064	$194,612	20%	$404,551	$339,703	19%
Cost of revenue	$ 78,834	$ 67,876	16%	$141,667	$120,741	17%
% of revenue	*33.7%*	*34.9%*		*35.0%*	*35.5%*	

Revenue

We generate revenue primarily from the sale and shipment of customized manufactured products, as well as certain electronic services, such as website design and hosting and email marketing services. We also generate a small percentage of our revenue from third-party offerings, which represented less than 1% of total revenue for the three and six months ended December 31, 2010. During the quarter ended December 31, 2009, we eliminated the third-party membership discount program previously offered on our websites and terminated our relationship with our supplier for these programs.

To understand our revenue trends, we monitor several key metrics including:

- *Website sessions.* A session is measured each time a computer user visits a Vistaprint website from his or her Internet browser. We measure this data to understand the volume and source of traffic to our websites. Typically, we use various advertising campaigns to increase the number and quality of shoppers entering our websites. The number of website sessions varies from month to month depending on variables such as product campaigns and advertising channels used.
- *Conversion rates*. The conversion rate is the number of customer orders divided by the total number of sessions during a specific period of time. Typically, we strive to increase conversion rates of customers entering our websites in order to increase the number of customer orders generated. Conversion rates have fluctuated in the past and we anticipate that they will fluctuate in the future due to, among other factors, the type of advertising campaigns and marketing channels used.
- *Average order value*. Average order value 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 customer orders recorded during that same period of time. We seek to increase average order value as a means of increasing revenue. Average order values have fluctuated in the past and we anticipate that they will fluctuate in the future depending upon the type of products promoted during a period and promotional discounts offered. For example, among other things, seasonal product offerings, such as holiday cards, can cause changes in average order values.

We believe the analysis of these metrics provides us with important information on customer buying behavior, advertising campaign effectiveness and the resulting impact on overall revenue trends and profitability. While we continually seek and test ways to increase revenue, we also attempt to increase the number of customer acquisitions and to grow profits. As a result, fluctuations in these metrics are usual and expected. Because changes in any one of these metrics may be offset by changes in another 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.

Total revenue for the three months ended December 31, 2010 increased 20% to $234.1 million from the three months ended December 31, 2009, due to increases in sales across our product and service offerings, as well as across all geographies. Revenue in each second fiscal quarter included a favorable impact from increased seasonal product sales. The overall growth during this period was driven by increases in website sessions, which grew by 8.9% to 87.7 million, and conversion rates, which grew by 90 basis points to 7.5%. These increases were partially offset by a decrease in average order value, which declined by 1.3% to $36.17, and referral fee revenue from membership discount programs, which was $1.8 million for the three months ended December 31, 2009, but zero for the three months ended December 31, 2010 as a result of the termination in the second quarter of fiscal 2010 of the third-party membership discount programs previously offered on our websites. In addition, the stronger U.S. dollar negatively impacted our revenue growth by an estimated 300 basis points in the three months ended December 31, 2010, as compared to the three months ended December 31, 2009.

Bookings from repeat customers accounted for 67% of total bookings for the three months ended December 31, 2010 as compared to 66% of total bookings for the three months ended December 31, 2009.

Total revenue for the six months ended December 31, 2010 increased 19% to $404.6 million from the six months ended December 31, 2009, due to increases in sales across our product and service offerings, as well as across all geographies. Revenue in each second fiscal quarter included a favorable impact from increased seasonal product sales. The overall growth during this period was driven by increases in website sessions, which grew by 7.6% to 156.6 million and conversion rates, which grew by 90 basis points to 7.4%. These increases were partially offset by a decrease in average order value, which declined by 0.1% to $35.53, and referral fee revenue from membership discount programs, which was $5.2 million for the six months ended December 31, 2009, but zero for the six months ended December 31, 2010 as a result of the termination in the second quarter of fiscal 2010 of the third-party membership discount programs previously offered on our websites. In addition, the stronger U.S. dollar negatively impacted our revenue growth by an estimated 300 basis points in the six months ended December 31, 2010, as compared to the six months ended December 31, 2009.

Bookings from repeat customers accounted for 67% of total bookings for the six months ended December 31, 2010 as compared to 66% of total bookings for the six months ended December 31, 2009.

Total revenue by geographic segment for the three and six months ended December 31, 2010 and 2009 are shown in the following tables:

	Three Months Ended December 31,				
	2010	2009	% Change	Currency Impact	Constant Currency Revenue Growth(1)
North America (2)	$ 116,697	$ 100,185	16%	—%	16%
Europe	105,285	86,623	22%	8%	30%
Asia-Pacific	12,082	7,804	55%	(12)%	43%
	$ 234,064	$ 194,612	20%	3%	23%

	Six Months Ended December 31,				Constant Currency
	2010	2009	% Change	Currency Impact	Revenue Growth(1)
North America (2)	$ 218,009	$ 187,889	16%	—%	16%
Europe	166,274	138,484	20%	9%	29%
Asia-Pacific	20,268	13,330	52%	(12)%	40%
	$ 404,551	$ 339,703	19%	3%	22%

(1) Constant currency revenue growth, a non-GAAP financial measure, measures 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. We have provided this non-GAAP financial measure because we believe it provides meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses this non-GAAP financial measure, in addition to GAAP financial measures, to evaluate our operating results. This non-GAAP financial measure should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP.

(2) Includes referral fee revenue from membership discount programs of $0 for the three and six months ended December 31, 2010, and $1.8 million and $5.2 million, respectively for the three and six months ended December 31, 2009.

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 electronic service offerings, shipping and postage costs, third-party production costs, and other miscellaneous related costs of products sold by us.

The increase in cost of revenue for the three and six months ended December 31, 2010 compared to the same periods in fiscal 2010 was primarily attributable to the production costs associated with the increased volume of product shipments during the current year period. The decrease in the cost of revenue as a percentage of total revenue for the three and six months ended December 31, 2010 compared to the same periods in fiscal 2010 was primarily attributable to productivity improvements at our manufacturing locations, higher overhead absorption resulting from increased seasonal product sales, improved pricing agreements in relation to shipping costs, and shifts in product mix including an increase in sales of digital services. These improvements were partially offset by a decrease in referral revenue. The strengthening of the Canadian dollar, which negatively impacted the raw material and labor costs of our Canadian production operations, was offset by the positive impact on revenue from the change in European currencies, which benefited cost of revenue as a percentage of revenue.

	Three Months Ended December 31,			Six Months Ended December 31,		
	2010	2009	2010-2009 % Change	2010	2009	2010-2009 % Change
Technology and development expense	$22,287	$20,497	9%	$ 45,494	$ 38,169	19%
% of revenue	*9.5%*	*10.5%*		*11.2%*	*11.2%*	
Marketing and selling expense	$76,411	$60,013	27%	$133,944	$106,545	26%
% of revenue	*32.7%*	*30.8%*		*33.2%*	*31.4%*	
General and administrative expense	$18,347	$15,500	18%	$ 32,928	$ 29,116	13%
% of revenue	*7.8%*	*8.0%*		*8.1%*	*8.6%*	

Technology and development expense

Technology and development expense consists primarily of payroll and related expenses for software and manufacturing engineering, content development, amortization of capitalized software and website development costs, information technology operations, hosting of our websites, asset depreciation, patent amortization, legal settlements in connection with patent-related claims, and miscellaneous technology infrastructure-related costs. Depreciation expense for information technology equipment that directly supports the delivery of our electronic services products is included in cost of revenue.

The increase in our technology and development expenses of $1.8 million for the three months ended December 31, 2010 as compared to the same period in fiscal 2010 was primarily due to increased payroll, benefits and facility-related costs of $1.7 million associated with increased headcount in our technology development and information technology support organizations. The increase in our technology and development expenses of $7.3 million for the six months ended December 31, 2010 as compared to the same period in fiscal 2010 was primarily due to increased payroll, benefits and facility-related costs of $3.8 million associated with increased headcount in our technology development and information technology support organizations. At December 31, 2010, we employed 387 employees in these organizations compared to 330 employees at December 31, 2009. In addition, during the six months ended December 31, 2010, we continued to invest in our website infrastructure, which resulted in increased depreciation, hosting services expense and other website related expenses of $3.5 million. Other website related expenses include the impact of a legal settlement of a patent claim offset by expense related to the abandonment of certain acquired intangible assets recorded in conjunction with the Soft Sight acquisition in the prior year.

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; and third-party payment processor and credit card fees.

The increase in our marketing and selling expenses of $16.4 million for the three months ended December 31, 2010 as compared to the same period in fiscal 2010 was driven primarily by increases of $12.8 million in advertising costs and commissions related to new customer acquisition and costs of promotions targeted at our existing customer base, and increases in payroll, benefits and facility-related costs of $2.9 million. The increase in our marketing and selling expenses of $27.4 million for the six months ended December 31, 2010 as compared to the same period in 2009 was driven primarily by increases of $19.8 million in advertising costs and commissions related to new customer acquisition and costs of promotions targeted at our existing customer base, and increases in payroll, benefits and facility-related costs of $6.1 million. We continue to expand our marketing organization and our customer service, sales and design support centers and at December 31, 2010, we employed 917 employees in these organizations compared to 737 employees at December 31, 2009. In addition, payment processing fees paid to third parties increased by $1.2 million and $1.7 million during the three and six months ended December 31, 2010, respectively, as compared to the same periods in fiscal 2010 due to increased order volumes.

General and administrative expense

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

The increase in our general and administrative expenses of $2.8 million for the three months ended December 31, 2010 as compared to the same period in fiscal 2010 was primarily due to increased payroll, benefit and facility-related costs of $3.7 million resulting from the continued growth and change of our executive management, finance, legal and human resource organizations to support our expansion and growth. The increase in our general and administrative expenses of $3.8 million for the six months ended December 31, 2010 as compared to the same period in fiscal 2010 was primarily due to increased payroll, benefit and facility-related costs of $6.0 million resulting from the continued growth of our executive management, finance, legal and human resource organizations to support our expansion and growth. Both the three and six months ended December 31, 2010 includes a share-based compensation charge of $1.0 million related to the reorganization of our business announced in October 2010. This charge involved the accelerated vesting of restricted share units (“RSUs”) and was not related to executive officers or the announced CFO transition. At December 31, 2010, we employed 211 employees in these organizations compared to 161 employees at December 31, 2009. These increases were offset by decreased third-party professional fees of $1.1 million and $2.3 million for the three and six months ended December 31, 2010, respectively, as compared to the same periods in fiscal 2010 due to the completion of our change of domicile to the Netherlands in fiscal 2010 and decreased costs of ongoing litigation and other general and administrative activities.

Other expense, net

Other expense, net, which primarily consists of gains and losses from currency transactions or revaluation, decreased to $0.3 million for the three months ended December 31, 2010 as compared to $0.8 million for the same period in fiscal 2010. Other expense, net, decreased to $0.5 million for the six months ended December 31, 2010 as compared to $0.6 million for the same period in fiscal 2010. Increases and decreases in other expense, net are due to changes in currency exchange rates on transactions or balances denominated in currencies other than the functional currency of our subsidiaries.

Interest expense

Interest expense, which consists of interest and penalties, if any, paid to financial institutions on outstanding balances on our credit facilities, decreased to $0.1 million for the three months ended December 31, 2010 as compared to $0.2 million for the same period in fiscal 2010. Interest expense decreased to $0.2 million for the six months ended December 31, 2010 as compared to $0.5 million for the same period in fiscal 2010. The decrease in interest expense from the prior-year periods was due to a decrease in the outstanding principal on our bank loans. In addition, we incurred $0.1 million in prepayment penalties during the six months ended December 31, 2009 as a result of the early repayment of $5.9 million of our euro revolving credit agreement.

Income tax provision

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Income tax provision	$3,923	$2,875	$5,215	$4,240
Effective tax rate	*10.3%*	*9.6%*	*10.4%*	*9.6%*

Income tax expense increased to $3.9 million for the three months ended December 31, 2010 as compared to $2.9 million for the same period in 2009. Income tax expense increased to $5.2 million for the six months ended December 31, 2010 as compared to $4.2 million for the same period in 2009. The increase in the effective tax rate for the three and six months ended December 31, 2010 as compared to the same periods in 2009 is primarily attributable to changes in our geographic earnings mix, offset favorably by the retroactive renewal of the U.S. federal research and development tax credit as a result of the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* enacted in the quarter ended December 31, 2010.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data:

	Six Months Ended December 31,	
	2010	2009
Capital expenditures	$(24,978)	$(50,948)
Capitalization of software and website development costs	(3,088)	(3,147)
Business acquisition, net of cash acquired	—	(6,496)
Depreciation and amortization	24,954	21,303
Cash flows provided by operating activities	92,677	90,346
Cash flows used in investing activities	(23,042)	(60,491)
Cash flows used in financing activities	(60,955)	(4,841)

At December 31, 2010, we had $173.1 million of cash and cash equivalents primarily consisting of money market funds. During the three and six months ended December 31, 2010, we financed our operations through internally generated cash flows from operations. We believe that our available cash and cash flows generated from operations will be sufficient to satisfy our working capital and capital expenditure requirements for the foreseeable future.

We currently plan to spend approximately $20.0 million to $30.0 million on capital expenditures during the remainder of fiscal 2011, which represents a decrease of 40% to 60% from fiscal 2010 primarily due to the expansion of our Windsor production facility and construction of our Australian production facility in the prior year period. We may also use our cash, cash equivalents, and cash flow generated from operations to repurchase our ordinary shares pursuant to our publicly announced share repurchase program, of which there remains $104.6 million approved for repurchase.

Operating Activities. Cash provided by operating activities in the six months ended December 31, 2010 was $92.7 million and consisted of net income of $44.8 million, positive adjustments for non-cash items of $36.4 million and $11.5 million provided by working capital and other activities. Adjustments for non-cash items included $25.0 million of depreciation and amortization expense on property and equipment and software and website development costs, $11.6 million of share-based compensation expense, and $0.3 million of other adjustments, offset by $0.3 million of tax benefits derived from share-based compensation awards and $0.1 million of deferred taxes. The change in working capital and other activities primarily consisted of an increase of $14.3 million in accrued expenses and other liabilities, and a decrease of $0.3

million in prepaid expenses and other assets, offset by an increase in inventory of $2.0 million, an increase of $0.8 million in accounts receivable, and a decrease of $0.4 million in accounts payable. The increase in accrued expenses and other liabilities is driven primarily by increases in accrued marketing expenses of $4.7 million, increases in accrued payroll and benefit costs of $3.5 million, increases in tax liabilities including value-added taxes of $3.4 million related to indirect taxes to be remitted on sales, and increases in accrued shipping expenses of $1.5 million.

Cash provided by operating activities in the six months ended December 31, 2009 was $90.3 million and consisted of net income of $39.9 million, positive adjustments for non-cash items of $31.2 million and $19.3 million provided by working capital and other activities. Adjustments for non-cash items included $21.3 million of depreciation and amortization expense on property and equipment, software and website development costs, $11.8 million of share-based compensation expense, and $0.9 million for the write-off of acquired intangible assets, offset in part by $2.9 million of tax benefits derived from share-based compensation awards. The change in working capital and other activities primarily consisted of an increase of $21.6 million in accrued expenses and other liabilities, an increase of $3.5 million in accounts payable, offset by an increase in accounts receivable of $3.1 million, an increase in inventory of $2.3 million, and an increase in prepaid expenses and other assets of $0.5 million. The increase in accrued expenses and other liabilities is driven primarily by increases in accrued payroll and benefit costs of $5.5 million, increases in accrued marketing expenses of $5.3 million, and increases in tax liabilities including value-added taxes of $6.0 million related mainly to sales within the European Union.

Investing Activities. Cash used in investing activities in the six months ended December 31, 2010 of $23.0 million consisted primarily of capital expenditures of $25.0 million, capitalized software and website development costs of $3.1 million, and purchases of intangible assets of $0.1 million, offset by $5.1 million of investment maturities and redemptions. Capital expenditures of $12.9 million were related to the purchase of manufacturing and automation equipment for our production facilities, $7.3 million were related to the purchase of land and facilities, and $4.8 million were related to purchases of other assets including information technology infrastructure and office equipment.

Cash used in investing activities in the six months ended December 31, 2009 of $60.5 million consisted primarily of capital expenditures of $50.9 million, the purchase of Soft Sight, Inc., net of cash acquired, for $6.5 million, capitalized software and website development costs of $3.1 million, partially offset by $0.1 million of investment maturities. Capital expenditures of $29.5 million were related to the purchase of land and facilities, $14.0 million were related to the purchase of manufacturing and automation equipment for our production facilities, and $7.4 million were related to purchases of other assets including information technology infrastructure and office equipment.

Financing Activities. Cash used in financing activities in the six months ended December 31, 2010 of $61.0 million was primarily attributable to the use of $55.5 million for the repurchase of 1,294,081 of our ordinary shares, payments in connection with our loan facilities of $5.2 million, which included the final balloon payment on our amended Canadian credit agreement, and $2.4 million to pay minimum withholding taxes related to ordinary shares withheld on vested RSUs. These uses were partially offset by proceeds from the issuance of ordinary shares pursuant to share option exercises of $1.8 million and tax benefits derived from share-based compensation awards of $0.3 million.

Cash used in financing activities in the six months ended December 31, 2009 of $4.8 million was primarily attributable to payments in connection with our loan facilities of $13.1 million, including payment of the remaining principal balance of the euro revolving credit agreement in the Company's Dutch subsidiary in the amount of $5.9 million and the final balloon payment on our original Canadian credit facility of $6.0 million. We also used $2.7 million to pay minimum withholding taxes related to ordinary shares withheld on vested RSUs. This has been partially offset by proceeds from the issuance of ordinary shares pursuant to share option exercises of $8.1 million and tax benefits derived from share-based compensation awards of $2.9 million.

Contractual Obligations

Contractual obligations at December 31, 2010 were as follows:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	$ 43,392	$ 7,690	$ 13,350	$ 13,427	$ 8,925
Total	$ 43,392	$ 7,690	$ 13,350	$ 13,427	$ 8,925

Long-Term Debt. During the three months ended December 31, 2010, we paid the remaining balance of our amended Canadian credit agreement. There are no remaining long-term debt obligations outstanding as of December 31, 2010.

Operating Leases. We rent office space under operating leases expiring on various dates through 2018. We recognize rent expense on our operating leases that include free rent periods and scheduled rent payments on a straight-line basis from the commencement of the lease.

Purchase Commitments. At December 31, 2010, we had unrecorded commitments under contract for site development and construction of our Jamaican customer service, sales and design support center of approximately $2.0 million, and to purchase production equipment for our Canadian and Australian production facilities of approximately $0.7 million and $0.6 million, respectively.

Recently Issued and Adopted Accounting Pronouncements

For a discussion of recently issued and adopted accounting pronouncements refer to Note 2 “Summary of Significant Accounting Policies” in the accompanying notes to the condensed consolidated financial statements included in Item 1 of Part I of this Report.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States (“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. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. 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. Management believes there have been no material changes during the six months ended December 31, 2010 to the critical accounting policies 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 27, 2010.

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 marketable securities that at December 31, 2010 consisted of money market funds, certificates of deposit, corporate debt securities, U.S government and agency securities, and a long-term investment in a municipal auction rate security. These cash equivalents and marketable securities are held for working capital purposes and we do not enter into investments for trading or speculative purposes. Due to the nature of our investments, we do not believe we have a material exposure to interest rate risk. A hypothetical 1% increase in interest rates would have resulted in an immaterial decrease in the fair values of our investments at December 31, 2010.

Currency Exchange Rate Risk. As we conduct business in multiple currencies through our worldwide operations but report our financial results in U.S. dollars, 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.
- *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, net on the consolidated statements of income. 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. We considered the historical trends 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 $0.2 million and $0.4 million on our income before income taxes for the three months ended December 31, 2010 and 2009, respectively.
- *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 income (loss) on the balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.

Foreign currency transaction losses included in other expense, net for the three months ended December 31, 2010 and 2009, were $0.3 million and $0.8 million, respectively. Foreign currency transaction losses included in other expense, net were $0.5 million and $0.6 million for the six months ended December 31, 2010 and 2009, respectively.

ITEM 4. 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, 2010. 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, 2010, 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.

There were no changes in our internal control over financial reporting (as defined in the SEC’s rules) during the fiscal quarter ended December 31, 2010 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required by this item is incorporated by reference to the information set forth in Note 9 “Commitments and Contingencies” in the accompanying notes to the condensed consolidated financial statements included in Item 1 of Part I of this Report.

ITEM 1A. RISK FACTORS

We caution you that our actual future results may vary materially from those contained in forward looking statements that we make in this Report and other filings with the Securities and Exchange Commission, 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 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, telesales, direct mail, and advertising banners and other links on third parties’ websites directing customers to our websites. In addition, we rely heavily upon 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 our ability to attract new and repeat customers would be harmed, 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. If this market does not gain or maintain widespread acceptance, our business may suffer. Our success will depend in part on our ability to attract customers who have historically purchased printed products and graphic design services through traditional printing operations and graphic design businesses or who have produced graphic design and printed products using self-service alternatives. Furthermore, we may have to incur significantly higher and more sustained advertising and promotional expenditures or price our services and products more competitively than we currently anticipate in order to attract additional online consumers to our websites and convert them into purchasing customers. Specific factors that could prevent prospective customers from purchasing from us 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, strengthening and continuing to establish the Vistaprint brand, which would prevent us from acquiring new customers and increasing revenues.

A primary component of our business strategy is the continued promotion and strengthening of the Vistaprint brand in order to attract new and repeat customers to our websites. In addition to the challenges posed by establishing and promoting our brand among the many businesses that promote products and services on the Internet, we face significant competition from graphic design and printing companies marketing to micro businesses who also seek to establish strong brands. If we are unable to successfully promote the Vistaprint brand, we may fail to increase our revenues. Customer awareness of our brand and its perceived value depend largely on the success of our marketing efforts and our ability to provide a consistent, high-quality customer experience. To promote our brand, we have incurred and will continue to incur substantial expenses related to advertising and other marketing efforts. We may choose to increase our branding expense materially, but we cannot be sure that this investment will be profitable. Underperformance of significant future branding efforts could materially damage our financial results.

A component of our brand promotion strategy is establishing a relationship of trust with our customers by providing a high-quality customer experience. In order to provide a high-quality customer experience, we have invested and will continue 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, in large part, 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 would be harmed, and our efforts to develop Vistaprint as a trusted brand would be adversely impacted. The failure of our brand promotion activities could adversely affect our ability to attract new customers and maintain customer relationships, and, as a result, substantially harm our business and results of operations.

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. In particular, we often make additional discretionary investments in line with our stated financial strategy of targeting annual, rather than quarterly, EPS objectives, which can lead to fluctuations in our quarterly results. For example, if our earnings during the first two quarters of our fiscal year are higher than expected, we will often increase our investments in our business in the second half of the fiscal year, which may lead to earnings that are lower than our investors may expect for that period. 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 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 encourage repeat purchases;
- business and consumer preferences for our products and services;
- shifts in product mix toward less profitable products;
- our ability to manage our production and fulfillment operations;
- costs to produce our products and provide our services;
- our pricing and marketing strategies and those of our competitors;
- improvements in the quality, cost and convenience of desktop printing;
- costs of expanding or enhancing our technology or websites;
- compensation expense and charges related to agreements entered into with our executives and employees;

- costs and charges resulting from litigation; and
- a significant increase in credits, beyond our estimated allowances, for customers who are not satisfied with our products.

We base our operating expense budgets in part on expected revenue trends. A portion of our expenses, such as office leases 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 factors cited above, 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 has become our strongest quarter for sales of home and family products such as holiday cards, calendars and personalized gifts. In the fiscal year ended June 30, 2010, sales during our second fiscal quarter accounted for more of our revenue and earnings than any other quarter, and 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 operations are transacted in currencies other than the U.S. dollar, our reporting currency. We therefore have currency exchange risk.

We are exposed to fluctuations in currency exchange rates that may impact 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 rates are unfavorable with respect to the U.S. dollar, the U.S. dollar equivalent of our revenue and operating income recorded in other currencies is diminished. As we have expanded and continue to expand our revenues and operations throughout the world and to additional currencies, our exposure to currency exchange rate fluctuations has increased and we expect will continue to increase. Our revenue and results of operations may differ materially from expectations as a result of currency exchange rate fluctuations.

If we are unable to market and sell products and services beyond our existing target markets and develop new products and services to attract new customers, our results of operations may suffer.

We have developed products and services and implemented marketing strategies designed to attract micro business owners and consumers to our websites and encourage them to purchase our products and services. We believe we need to address additional markets and attract new customers to further grow our business. To access new markets and customers, we expect that we will need to develop, market and sell new products and services, expand our marketing and sales channels, expand our business and operations geographically by introducing localized websites in different countries, and develop new strategic relationships, such as co-branded or strategic partner-branded websites and retail in-store offerings. Any failure in these areas could harm our business, financial condition and results of operations.

If we are unable to manage our expected growth and expand our operations successfully, our reputation would be damaged and our business and results of operations would be harmed.

In recent years, our number of employees has grown rapidly, and within the last year we have added new production facilities and offices in diverse geographies, including Australia, Germany, Hong Kong and India. Our growth, combined with the geographical separation of our operations, has placed, and will continue to place, a strain on our management, administrative and operational infrastructure. Our ability to manage our operations and anticipated growth will require us to continue to refine our operational, financial and management controls, human resource policies, reporting systems and procedures in the locations in which we operate. We expect the number of countries and facilities from which we operate to continue to increase in the future.

We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. If we are unable to manage expected future expansion, our ability to provide a high-quality customer experience could be harmed, which would damage our reputation and brand and substantially harm our business and results of operations.

If we are unable to manage the challenges associated with our international operations, the growth of our business could be negatively impacted.

We operate production facilities or offices in Australia, Bermuda, Canada, France, Germany, Hong Kong, India, Jamaica, the Netherlands, Spain, Switzerland, Tunisia and the United States. We have localized websites to serve many markets internationally. We are subject to a number of risks and challenges that specifically relate to our international operations. These risks and challenges include, among others:

- difficulty managing operations in, and communications among, multiple locations and time zones;
- 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;
- interpretation of complex tax laws, treaties and regulations that could expose us to unanticipated taxes on our income and increase our effective tax rate;
- 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;
- disruptions or cessation of important components of our international supply chain;
- 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.

Our international operations may not be successful if we are unable to meet and overcome these challenges, which could limit the growth of our business and may have an adverse effect on our business and operating results.

We are dependent upon our own facilities for the production of our products, and any significant interruption in the operations of these facilities or any inability to increase capacity at these facilities would have an adverse impact on our business.

We produce the vast majority of our products internally. We seek to ensure that we can satisfy all of our production demand from our facilities, including at periods of peak demand, while maintaining the level of product quality and timeliness of delivery that customers require. We have not identified alternatives to these facilities to serve us in the event of a labor strike, work stoppage or other issue with our workforce in one or more of our facilities or the loss or substantial damage to one or more of our facilities due to fire, natural disaster or other events. If we are unable to meet demand from our own facilities or to successfully expand those facilities on a timely basis to meet customer demand, we would likely turn to an alternative supplier in an effort to supplement our production capacity. However, an alternative supplier may not be able to meet our production requirements on a timely basis or on commercially acceptable terms, or at all. If we are unable to fulfill orders in a timely fashion at a high level of product quality through our facilities and are unable to find a satisfactory supply replacement, our business and results of operations would be substantially harmed.

Interruptions to our website operations, information technology systems, supply chain, production processes or customer service operations for any reason could damage our reputation and brand and substantially harm our business and results of operations.

The satisfactory performance, reliability, security and availability of our websites, transaction processing systems, network infrastructure, supply chain, production facilities and customer service operations are critical to our reputation and to our ability to attract and retain customers and to maintain adequate customer service levels. Expanding our systems and infrastructure may require us to commit substantial financial, operational and technical resources before the volume of our

business increases, with no assurance that our revenues will increase. Any interruptions that cause any of our websites to be unavailable, reduce our order fulfillment performance or interfere with customer service operations could result in lost revenue and negative publicity, damage our reputation and brand, and cause our business and results of operations to suffer. A number of factors or events could cause interruptions or interference in our websites or operations, including:

- human error, software errors, power loss, telecommunication failures, fire, flood, extreme weather, political instability, acts of terrorism, war, break-ins and security breaches, contract disputes, and other similar events. In particular, both Bermuda, where substantially all of the computer hardware necessary to operate our websites is located in a single facility, and Jamaica, the location of most of our customer service and design service operations, are subject to a high degree of hurricane risk and extreme weather conditions.
- undetected errors or design faults in our technology, infrastructure and processes that may cause our websites to fail. We occasionally experience delays in website updates and customer dissatisfaction during the period required to correct errors and design faults in our websites, which sometimes causes us to lose revenue.
- our failure to maintain adequate capacity in our computer systems to cope with the high volume of visits to our websites, particularly during promotional campaign periods and in the seasonal peak in demand that we experience in our second fiscal quarter.

We do not presently have redundant systems operational in multiple locations. 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. Although we carry business interruption insurance, these policies do not address all potential causes of business interruptions we may experience, and any proceeds we may receive may not fully compensate us for all of the revenue we may lose.

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, with many existing and potential competitors. We expect competition for online small business marketing and home and family custom products and services to increase in the future. The increased use of the Internet for commerce and other technical 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, 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, drug store chains, food retailers and other major retailers targeting small business and consumer markets, such as Staples, UPS Stores, Office Depot, Costco, CVS, Schleker, Walgreens, Carrefour and Wal-Mart;
- wholesale printers such as Taylor Corporation and Business Cards Tomorrow;
- other online printing and graphic design companies, many of which provide printed products and services similar to ours, such as Overnight Prints, 123Print, Moo.com and UPrinting for small business marketing products and services; TinyPrints, Invitation Consultants and Fine Stationery for invitations and announcements;
- self-service desktop design and publishing using personal computer software with a laser or inkjet printer and specialty paper;
- other email marketing services companies such as Constant Contact and iContact;
- other website design and hosting companies such as United Internet, Web.com and Network Solutions;
- other suppliers of custom apparel, promotional products and customized gifts, such as Zazzle, Café Press and Customization Mall;

- online photo product companies, such as Kodak Gallery, Snapfish by HP, Shutterfly and Photobox; and
- other internet firms, such as Google (Picasa), Yahoo (Flickr), Amazon, Facebook, MySpace, the Knot and many smaller firms.

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 work together. For example, Taylor Corporation sells printed products through office superstores such as Staples and Office Depot.

Some of our competitors that either already have an online presence or are seeking to establish an online presence may be able to devote substantially more resources to website and systems development than we can. In addition, larger, more established and better capitalized entities may acquire, invest or partner with online competitors as use of the Internet and other online services increases. 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. Changes in our pricing strategies have had, and are likely to continue to have, a significant impact on our revenues and results of operations. We offer certain free products and services as a means of attracting customers, and we offer substantial pricing discounts as a means of encouraging repeat purchases. These free offers and discounts may not result in an increase in our revenues or the optimization of our profits. In addition, many factors, including our production and personnel costs and our competitors' pricing and marketing strategies, can significantly impact our pricing strategies. If we fail to meet our customers' price expectations in any given period, our business and results of operations will suffer.

Failure to protect our network and the confidential information of our customers against security breaches and to address risks associated with credit card fraud could damage our reputation and brand 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 rely on encryption and authentication technology licensed from third parties to effect secure transmission of confidential information, including credit card numbers. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a 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. Any such compromise of our network or our security could damage our reputation and brand and expose us to losses, litigation and possible liability, which would substantially harm our business and results of operations. In addition, anyone who is able to circumvent our security measures could misappropriate our proprietary information or cause interruptions in our operations. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches.

In addition, we may be liable for fraudulent credit card transactions conducted on our websites, such as through the use of stolen credit card numbers. To date, quarterly losses from credit card 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. Although we seek to maintain insurance to cover us against this risk, we cannot be certain that our coverage will be adequate to cover liabilities actually incurred as a result of such fraud or that insurance will continue to be available to us on economically reasonable terms, or at all. Our failure to limit fraudulent credit card transactions could damage our reputation and brand and substantially harm our business and results of operations.

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!. These search engines typically provide two types of search results, algorithmic and purchased listings. Algorithmic listings cannot be purchased, and instead are determined and displayed solely by a set of formulas designed by the search engine. Purchased listings can be purchased by companies and other entities in order to attract users to their websites. We rely on both algorithmic and purchased listings to attract and direct a substantial portion of the customers we serve.

Search engines revise their algorithms from time to time in an attempt to optimize their search result listings and to maximize the advertising revenue generated by those listings. If the search engines on which we rely for algorithmic listings modify their algorithms, this could result in fewer customers clicking through to our websites, requiring us to resort to other more costly resources to replace this traffic. This could reduce our operating and net income or our revenues, prevent us from maintaining or increasing profitability and harm our business. If one or more search engines on which we rely for purchased listings modifies or terminates its relationship with us, our expenses could rise, our revenues could decline, and our business may suffer. The cost of purchased search listing advertising could increase as demand for these channels continues to grow quickly, and further increases could have negative effects on our ability to maintain or increase profitability. 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 on the term “Vistaprint” on search engines.

Various private ‘spam’ blacklisting and similar entities have in the past, and may in the future, interfere with our e-mail solicitation, the operation of our websites and our ability to conduct business.

We depend primarily on e-mail to market to and communicate with our customers. Various private entities attempt to regulate the use of e-mail for commercial solicitation. These entities often advocate standards of conduct or practice that significantly exceed current legal requirements and classify certain e-mail solicitations that comply with current legal requirements as unsolicited bulk e-mails, or “spam.” Some of these entities maintain “blacklists” of companies and individuals, as well as the websites, Internet service providers and Internet protocol addresses associated with those companies and individuals, that do not adhere to what the blacklisting entity believes are appropriate standards of conduct or practices for commercial e-mail solicitations. If a company’s Internet protocol addresses are listed by a blacklisting entity, e-mails sent from those addresses may be blocked if they are sent to any Internet domain or Internet address that subscribes to the blacklisting entity’s service or purchases its blacklist.

Some of our Internet protocol addresses are currently listed with one or more blacklisting entities despite our belief that our commercial e-mail solicitations comply with all applicable laws. In the future, our other Internet protocol addresses may also be listed with one or more blacklisting entities. We may not be successful in convincing the blacklisting entities to remove us from their lists. Although the blacklisting we have experienced in the past has not had a significant impact on our ability to operate our websites, send commercial e-mail solicitations, or manage or operate our corporate email accounts, it has, from time to time, interfered with our ability to send operational e-mails—such as password reminders, invoices and electronically delivered products—to customers and others, and to send and receive emails to and from our 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. We are currently on certain blacklists and there can be no guarantee that we will not be put on additional blacklists in the future or that we will succeed in removing ourselves from blacklists. Blacklisting of this type could interfere with our ability to market our products and services, communicate with our customers and otherwise operate our websites, and operate and manage our corporate email accounts, all of which could have a material negative impact on our business and results of operations.

We may not succeed in cross selling additional products and services to our customers.

We seek to acquire customers based on their interest in one or more of our products and then offer additional related products to those customers. If our customers are not interested in our additional products or have an adverse experience with the products they were initially interested in, the sale of additional products and services to those customers and our ability to increase our revenue and to improve our results of operations could be adversely affected.

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 these licenses were terminated, the amount and variety of content available on our websites would be significantly reduced. In such an event, we could experience delays in obtaining and introducing substitute materials, and substitute materials might be available only under less favorable terms or at a higher cost, or may not be available at all. The termination of one or more of these licenses covering a significant amount of content could have an adverse effect on our business and results of operations.

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, and any of our executives 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.

Acquisitions may be disruptive to our business.

Our business and our customer base have been built primarily through organic growth. However, from time to time we may selectively pursue acquisitions of businesses, technologies or services in order to expand our capabilities, enter new markets, or increase our market share, such as our acquisition of Soft Sight, Inc. in December 2009. We have very limited experience making acquisitions. Integrating any newly acquired businesses, technologies or services may be expensive and time consuming. To finance any acquisitions, it may be necessary for us to raise additional funds through public or private financings. Additional funds may not be available on terms that are favorable to us, or at all. If we were to raise funds through an equity financing, such a financing would result in dilution to our shareholders. If we were to raise funds through a debt financing, such a financing may subject us to covenants restricting the activities we may undertake in the future. We may be unable to operate any acquired businesses profitably or otherwise implement our strategy successfully. If we are unable to integrate newly acquired businesses, technologies or services effectively, our business and results of operations could suffer. 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. Acquisitions could also result in large and immediate write-offs or assumptions of debt and contingent liabilities, any of which could substantially harm our business and results of operations.

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

Despite recent signs of economic recovery in some markets, many of the markets in which we operate are still in an economic downturn that we believe has had and will continue to have a negative impact on our business. Turmoil in the world's financial markets 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 and our financial results from operations.

The United States government may substantially 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 three and six months ended December 31, 2010, we derived 47% and 51%, respectively, of our revenue from sales to customers made through Vistaprint.com, our United States-focused website. We produce 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.

We may not be able to protect our intellectual property rights, which may impede our ability to build brand identity, cause confusion among our customers, damage our reputation and permit others to practice our patented 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. These protective measures afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our trademarks, our websites features and functionalities or to obtain and use information that we consider proprietary, such as the technology used to operate our websites and our production operations.

As of June 30, 2010, we had 47 issued patents and more than 50 patent applications pending in the United States and other countries. 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. 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, co-inventorship or similar claims brought by third parties with respect to any of our current or future patents. Any such claims, whether or not successful, could be extremely costly, damage our reputation and brand and substantially harm our business and results of operations.

Our primary brand is “Vistaprint.” We hold trademark registrations for the Vistaprint trademark in 21 jurisdictions, including registrations in our major markets of the United States, the European Union, Canada, Australia and Japan.

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 are several companies that currently incorporate or may incorporate in the future “Vista” into their company, product or service names. There could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or 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 brand 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 or be subject 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 improperly obtained or used their confidential or proprietary information. In addition, from time to time we receive letters from third parties that state that these third parties have patent rights that cover aspects of the technology that we use in our business and that the third parties believe we are obligated to license in order to continue to use such technology. Similarly, companies or individuals with whom we currently have a business relationship, or have had a past business relationship, may commence an action seeking rights in one or more of our patents or pending patent applications.

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 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 the initiation and continuation of 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. Thus, the situation could arise in which our ability to use certain technologies important to the operation of our business would be restricted by a court order.

Alternatively, we may be required to, or decide to, enter into a license with a third party that claims infringement by us. Any license required under any patent 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 or maintain profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

In addition, we may need to resort to litigation to enforce a patent issued to us or to determine the scope and validity of third-party proprietary rights. Our ability to enforce our patents, copyrights, trademarks, and other intellectual property 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 the intellectual property right is invalid, is otherwise not enforceable, or is licensed to the party against whom we are asserting a claim. In addition, our assertion of intellectual property rights could result in the other party 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 under these circumstances may negatively impact our competitive position and our business.

From time to time, we have filed lawsuits to enforce or protect our intellectual property rights, and lawsuits have been filed against us for alleged infringement of other parties' intellectual property rights.

We sell our products and services primarily through our websites. If we are unable to acquire or maintain domain names for our websites, then we could lose customers, which would substantially harm our business and results of operations.

We sell our products and services primarily through our websites. We currently own or control a number of Internet domain names used in connection with our various websites, including Vistaprint.com and similar names with alternate URL names, such as .net, .de and .co.uk. Domain names are generally regulated by Internet regulatory bodies. If we are unable to use a domain name in a particular country, then we would be forced to purchase the domain name from the 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 market our products within that country, including the development of a new brand and the creation of new promotional materials and packaging; or elect not to sell products in that country. Any of these results could substantially harm our business and results of operations. Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear and subject to change. We might 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. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain the domain names that utilize the name Vistaprint in all of the countries in which we currently or intend to conduct business.

Our revenues may be negatively affected if we are required to charge sales, value added or other taxes on internet sales.

In many 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 ecommerce 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 ecommerce. In many cases, it is not clear how existing statutes apply to the Internet or ecommerce. Bills have been introduced in the U.S. Congress that could affect the ability of state governments to require out of state internet retailers to collect and remit sales taxes on goods and certain services. The imposition by national, state or local governments, whether within or outside the United States, of various taxes upon internet commerce could create administrative burdens for us and could decrease our future revenue. 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, discourage customers from purchasing products from us, decrease our ability to compete with traditional retailers or otherwise negatively impact our results of operations.

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, regulations and 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 and regulations may impede the growth of e-commerce and our ability to compete with traditional graphic

designers, printers and small business marketing companies, as well as desktop printing products. These regulations and laws may cover taxation, restrictions on imports and exports, customs, tariffs, user privacy, data protection, commercial email, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access and the characteristics and quality of products and services. It is not clear how existing laws governing many of these 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.

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, our operations do not involve any human-based review of content for the vast majority of our sales. 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 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, racist, scandalous, obscene, or otherwise objectionable or illegal under the laws of the jurisdiction(s) where that customer lives or where we operate. There is, therefore, a risk that customers may intentionally or inadvertently order and receive products from us that are in violation of the law or the rights of another party. If we should 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.

The third party membership programs previously offered on our website may continue to draw customer complaints, litigation and governmental inquiries, which can be costly and could hurt our reputation.

During each of the last three fiscal years, we generated a small portion of our revenue from order referral fees, revenue share and other fees paid to us by third party merchants for customer click-throughs, distribution of third party promotional materials, and referrals arising from products and services of the third party merchants we offer to our customers on our website, which we collectively refer to as referral fees. Some of these third party referral-based offers were for memberships in discount programs or similar promotions made to customers who have purchased products from us, in which we received a payment from a third party merchant for every customer that accepted the promotion. Some of these third party membership discount programs have been, and may continue to be, the subject of consumer complaints, litigation, and governmental regulatory actions alleging that the enrollment and billing practices involved in the programs violate various consumer protection laws or are otherwise deceptive. For example, various state attorneys general have brought consumer fraud lawsuits against certain of the third party merchants asserting that they have not adequately disclosed the terms of their offers and have not obtained proper approval from consumers before debiting the consumers' bank account or billing the consumers' credit card. Similarly, in May 2009, Senator John D. Rockefeller IV, Chairman of the United States Senate Committee on Commerce, Science and Transportation, announced that the Commerce Committee was investigating membership discount programs marketed by third party merchants Vertrue, Inc., Webloyalty.com, Inc. and Affinion Group, Inc. through e-commerce retailers, and in December 2010 U.S. Congress passed legislation introduced by the Commerce Committee that regulates certain aspects of the membership programs. From time to time we have received complaints from our customers and inquiries by state attorneys general and government agencies regarding the membership discount programs previously offered on our websites. Although we removed all such membership discount program offerings from our websites as of November 2009 and terminated our relationship with the third party merchant responsible for these programs, we have continued to receive complaints and inquiries about these programs.

Any private or governmental claims or actions that may be brought against us relating to these third party membership programs could result in our being obligated to pay substantial damages or incurring substantial legal fees in defending claims. These damages and fees could be disproportionate to the revenues we generated through these relationships, which would have an adverse affect on our results of operations. Even if we are successful in defending against these claims, such a defense may result in distraction of management and significant costs. In addition, customer dissatisfaction or damage to our reputation as a result of these claims could have a negative impact on our brand, revenues and profitability.

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—for example, that customers are required to pay shipping and processing charges to take advantage of a free product offer—our customers, competitors, governmental regulators and others in Europe, the United States and other countries have in the past complained and filed claims with governmental and standards bodies that our free offers are misleading or do not comply with applicable legislation or regulation, and we may receive similar complaints and claims 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.

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 card, debit card and bank check. In many geographic regions, we rely on one or two third party companies to provide payment processing services, including the processing of credit cards, debit cards and electronic checks. If either of these companies became unwilling or unable to provide these services to us, 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, which could be costly and time consuming, either of which scenarios could disrupt our business.

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.

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 may be necessary for some of our customers' web browsers to properly access our websites and upon which many of our customers otherwise rely in deciding whether to purchase products and services from us. 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 our security certificates are disabled or otherwise unavailable for an extended period of time could result in a material loss of revenue and profits and damage to our brand.

Risks Related to Our Corporate Structure

Challenges by various tax authorities to our complex 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. Our income taxes are based upon the applicable tax laws and tax rates in the countries in which we operate and earn income

as well as upon our operating structures in these countries. Many countries' tax laws and international treaties impose taxation upon entities that conduct a trade or business or operate through a permanent establishment in those countries. However, these applicable laws or treaties are subject to interpretation. The tax authorities in these countries could contend 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. This could result in an increase to our effective tax rate and adversely affect our results of operations.

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, resulting 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 to successfully challenge 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.

Provisions of our Articles of Association, the Articles of Association of the independent foundation, *Stichting Continuïteit Vistaprint*, Dutch law and the call option we granted to the independent foundation may make it difficult to replace or remove management and may inhibit or delay a change of control, including a takeover attempt that might result in a premium over the market price for our ordinary shares, and dilute your voting power.

Our Articles of Association, or Articles, 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.

Our Articles also allow us to issue preferred shares. We have established an independent foundation, Stichting Continuïteit Vistaprint, or the "Foundation," and 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. The objective of the Foundation is to serve the interests of Vistaprint N.V. and its stakeholders, which includes but is not limited to shareholders. In carrying out this objective, the Foundation may acquire, own and vote our preferred shares in order to maintain the independence, continuity or identity of Vistaprint N.V. 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.

In addition, our management board may issue preferred shares up to an amount equal to the number of ordinary shares under our authorized share capital. We must seek authorization from our shareholders at least once every five years for our management board to issue preferred shares.

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

Dutch law requires shareholder approval for the issuance of ordinary shares and for our management board to limit or exclude shareholders' preemptive rights under Dutch law. In August 2009, 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, but this authorization is limited to the number of ordinary shares under our authorized share capital and expires in August 2014. We intend to seek re-approval from our shareholders before the 2014 expiration date. Additionally, subject to specified exceptions, Dutch law grants preemptive rights to existing shareholders to subscribe for new issuances of shares and reserves for approval by shareholders 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 Articles of Association and our organization under Dutch law, you 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. The rights of our shareholders and the responsibilities of the supervisory board and management board that direct our affairs are different from those established under United States laws. For example, class action lawsuits and derivative lawsuits are generally not available under Dutch law. You may find it more difficult to protect your interests against actions by members of our supervisory board or management board than you would if we were a U.S. corporation. Under Dutch law, the supervisory board and the management board are responsible for acting in the best interests of the company, its business and all of its stakeholders generally, which includes employees, customers and creditors, not just shareholders. Furthermore, under our Articles, we are obligated to indemnify the members of our supervisory board and our management board against liabilities resulting from proceedings against such members in connection with their membership on either board, if such member acted in good faith and in a manner he believed to be in our best interests and such member has not been adjudged in a final and non-appealable judgment by a Dutch judge to be liable for gross negligence or willful misconduct, subject to various exceptions.

We are incorporated under the laws of the Netherlands, and the vast majority of our assets are located outside the United States, which may make it difficult for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States.

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, certain members of our management board and some of our officers reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons, to enforce outside the U.S. judgments obtained against such persons in U.S. courts, or to enforce rights predicated upon the U.S. securities laws. There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, 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 a competent court in the Netherlands and petition the Dutch court to enforce the final judgment rendered in the United States. Therefore, there can be no assurance that U.S. shareholders will be able to enforce against us, members of our management board or supervisory board or officers who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the federal securities laws. In addition, it is possible that a Dutch court would not impose civil liability on us, the members of our management board or supervisory board or our officers in an original action predicated solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands against us or such members or officers.

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. In November 2010, our Supervisory Board authorized a share repurchase program under which we may periodically repurchase our ordinary shares. 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 stock awards and other potential uses. 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 for Dutch tax purposes and the redemption price.

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, 2010 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.

Each “10% U.S. Shareholder” of a non-U.S. corporation that is a “controlled foreign corporation,” or CFC, for an uninterrupted period of 30 days or more during a taxable year, and that owns shares in the CFC directly or indirectly through non-U.S. entities on the last day of the CFC’s taxable year, must include in its gross income for United States federal income tax purposes its pro rata share of the CFC’s “subpart F income,” even if the subpart F income is not distributed. A non-U.S. corporation is considered a CFC if one or more 10% U.S. Shareholders together own more than 50% of the total combined voting power of all classes of voting shares of the non-U.S. corporation or more than 50% of the total value of all shares of the corporation on any day during the taxable year of the corporation. The rules defining ownership for these purposes are complicated and depend on the particular facts relating to each investor. 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 to enable such taxpayer to satisfy this tax liability. Based upon our existing share ownership, we do not believe we are a CFC. However, whether we are treated as a CFC depends on questions of fact as to our share ownership 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 CFC for our current tax year or for any subsequent year.

We will pay taxes even if we are not profitable on a consolidated basis, which would cause increased losses and further harm to our results of operations.

The intercompany service and related agreements among Vistaprint N.V. and our direct and indirect subsidiaries in general guarantee that the subsidiaries realize profits. As a result, even if the Vistaprint group is not profitable on a consolidated basis, the majority of our subsidiaries will be profitable and incur income taxes in their respective jurisdictions. If we are unprofitable on a consolidated basis this structure will increase our consolidated losses and further harm our results of operations.

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

On November 9, 2010, we announced that our Supervisory Board had authorized a repurchase of up to an aggregate of $160.0 million of our ordinary shares in open market or privately negotiated transactions. The timing and amount of any shares repurchased have been and will continue to be determined by our management based on its evaluation of market conditions and other factors and the purchase parameters set by our shareholders and Supervisory Board. The share repurchase authorization from our Supervisory Board expires on May 4, 2012, but we may suspend or discontinue our repurchase program at any time.

The following table outlines the purchases of our ordinary shares during the three months ended December 31, 2010:

	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
October 1, 2010 through October 31, 2010	—	$ —	—	$ —
November 1, 2010 through November 30, 2010	377,861	$ 40.72	377,861	$ 144,621,860
December 1, 2010 through December 31, 2010	916,220	$ 43.73	916,220	$ 104,574,240
Total	1,294,081	$ 42.86	1,294,081	

(1) Average price paid per share includes commissions paid in connection with our publicly announced share repurchase program and is rounded to the nearest two decimal places.

ITEM 6. EXHIBITS

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: January 28, 2011

VISTAPRINT N.V.

By: /s/ MICHAEL GIANNETTO

Michael Giannetto
Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit No.	Description
10.1*	Assignment Extension Agreement dated November 15, 2010 between Vistaprint and Nicholas Ruotolo
10.2*	Transition Agreement dated December 23, 2010 among Vistaprint N.V., Vistaprint USA, Incorporated and Michael Giannetto
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	The following materials from this Quarterly Report on Form 10-Q, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

* Management contract or compensatory plan or arrangement.

95 Hayden Avenue · Lexington · MA 02421 · USA
T: 1 · 781 · 652 · 6300 F: 1 · 781 · 652 · 6100 www.vistaprint.com

To: Nicholas Ruotolo

From: Robert Keane

Cc: Emma Barnes Brown, Ara Deirmendjian, David Armengol, Caitlin West, Elise Rousell

Date: November 15, 2010

RE: **Assignment Extension Agreement**

Position:	President, Vistaprint Europe
Extension Effective Date:	November 15, 2010
Expected Length of Extension:	36 Months
You will report to:	Wendy Cebula, Chief Operating Officer
Home Country:	USA (Lexington, Massachusetts)
Host Country:	Spain (Barcelona)

I am very pleased to confirm the terms and conditions of the extension of your Living Away From Home (LAFH) assignment to Vistaprint's Barcelona office. This letter does not create a contract of employment, but simply seeks to confirm the conditions that pertain to your international assignment. During your assignment, you will continue to be an at-will employee, and your employment relationship will remain with the Lexington, Massachusetts office. You will continue to be "seconded" or loaned to the Barcelona office for the period of the assignment. Please note that the laws of your Home Country govern your employment, but you are expected to comply with laws of the Host Country. It is our expectation that while on assignment, you will be promoted to the role of President, Vistaprint Europe.

This letter is intended to be a brief overview of Vistaprint's Long Term Assignment Policy (Premium) and to detail the terms and conditions applicable to your international assignment. Please refer to the Long Term Assignment Policy (Premium) document for complete details and descriptions, but in the event of any conflict between this letter and the Long Term Assignment Policy (Premium), this letter governs.

This extension of your assignment will be a minimum of 36 months, in addition to the original term of your assignment. After 2 years into this extension, we would like to schedule regular check-in meetings to assess the status of your assignment. During these meetings, we can discuss your interests and Vistaprint's interests in either a further extension to your assignment, permanent relocation and/or localization. We currently anticipate that we would extend your assignment for up to an additional two years beyond the current term with substantially equivalent benefits as those described in this letter. However, this non-binding statement of intention does not affect your status as an at-will employee.

EXPATRIATE COMPENSATION:

For the duration of this assignment, salary administration will be based on Vistaprint's policies and practices in the Home Country as well as your performance. You are eligible to participate in Vistaprint's long term incentive plans, including equity compensation. Your salary, bonus and long-term incentive compensation are subject to

change as per Vistaprint's annual review process. Your base salary will be paid and denominated in Euros, and your actual annual bonus will be paid in USD.

Allowances:

You will continue to be provided allowances, to be paid in adherence to regular payroll practices, while in the Host Country. These allowances are based upon typical costs for the various categories below for a family of 6. Eligible "family" is defined in Vistaprint's Long Term Assignment Policy (Premium). These allowances are paid only for the period of your international assignment and will not be considered for bonus, long term incentive compensation and/or benefit calculation purposes. Vistaprint will pay any tax in relation to these allowances, and Vistaprint will "gross up" these payments to cover any applicable income taxes that you may incur.

Housing Allowance:

You will receive a host housing allowance of **96,000.00 EUR** per 12 months of assignment to provide support towards the difference in the cost of housing in the Host Country. We will review this allowance on a semi-annual basis as well as at any point in time where there is more than a 10% fluctuation in exchange rate or price movement based on market analysis by Vistaprint's third party research vendor (which is currently Organization Resource Counselors). This allowance is based on your family size, income level and data from independent consultants. You will be able to choose the type of accommodations that you would like to meet your personal lifestyle needs. However, you are responsible for paying any amount incurred in excess of the above allowance.

Travel Allowance:

You will continue to receive a travel allowance of **20,000.00 EUR** per 12 months of assignment to provide some support towards return travel to your Home Country for you and your family.

Education:

Vistaprint will continue to cover the expense of schooling your 4 children at an international educational facility of your choosing, during your expatriate assignment. The maximum amount of this benefit is up to **60,000 EUR** per year. We will review tuition increases annually and make appropriate adjustments to this amount, as necessary.

BENEFITS:

You will continue to participate in Vistaprint's international healthcare benefits plan, currently provided by Aetna, which provides global medical and dental coverage. A benefits update can be scheduled, if necessary, to review Vistaprint's international healthcare plan for expatriates and their families.

In addition, you will continue to participate in your Home Country retirement benefit plan (i.e., 401k), and Vistaprint will continue to make contributions at the same level as other employees in your Home Country.

Leave Entitlements:

As a part of your benefits package, your paid time off will be commensurate with the standard time off requirements in the Host Country. Although you will be considered an employee of our office in the Home Country, you will be expected to observe the Host Country's holidays.

Your service time while on assignment will still apply towards Vistabreak award eligibility.

RELOCATION/ASSIGNMENT EXTENSION ELEMENTS:

Continuing your international assignment means that you and your family might have additional elements to arrange. This will take time, energy and expense. This section outlines how Vistaprint will continue to support you in planning and organizing your assignment extension with you, as well as the associated costs that it will incur.

In order to be reimbursed, you must submit all receipts and appropriate documentation to Caitlin West, Sr. HR Associate, Immigration & Mobility.

*****Note:*** Do not co-mingle business expenses with relocation expenses on the same report. They must be reported separately. Be sure you keep a copy of your submitted reports (including copies of the receipts) for your records.

Work Authorization Sponsorship:

Vistaprint will continue to assist and pay for expenses associated with obtaining your visa, work and residence permits. This includes residency permits for your spouse and family but excludes passports, as it is your responsibility to ensure that all travel documents and paperwork for you and your family (such as passports) remain valid while living overseas.

Moving of Household Goods:

Vistaprint's relocation vendor will coordinate the movement of additional household goods you wish to bring to Barcelona (see below for exclusions). Reimbursable moving expenses are limited to the following: Packing, possible crating/uncrating of household goods and personal belongings for primary residence; sea freight charges for transporting household goods and personal effects to your Host Country residence up to the amount determined in the estimate by the relocation vendor; and normal insurance costs associated with moving of household goods via professional carrier (policy does not cover jewelry, furs, cash equivalents, or other items of unusual or extraordinary value; coverage for such items may be available but would be at your expense).

There are some items for which Vistaprint will not pay the shipping/moving costs, including firewood and building supplies, boats, cars, major appliances which will not work on European currency or outlets, airplanes, frozen foods, plants, and furnishings of second home or vacation homes. Other non-reimbursable items include expenses for decorating, painting, landscaping, or household repairs at the old residence.

Property Management Services:

Vistaprint will continue to reimburse you for the costs related to property management services for your Home Country residence up to a maximum of **$1,200.00 USD** per year as long as you have ownership of this property. Vistaprint will "gross up" this reimbursement to cover any applicable income taxes that you may incur.

Car Assistance:

Vistaprint will coordinate and cover the costs associated with shipping your minivan and motorcycle from your Home to Host Country.

In addition, Vistaprint will continue to cover the expense of leasing a car, including insurance. The current maximum dollar amount of this benefit is **1,200 EUR per month**. If you obtain or renew a Spanish license, Vistaprint will renegotiate your car assistance.

REPATRIATION:

At the conclusion of your extension, you are expected to return to your usual place of abode in the area of Vistaprint's office in the Home Country. If at any time you are terminated without Cause or resign for Good Reason as set forth in the Amended and Restated Executive Retention Agreement between you and Vistaprint N.V. (the "Retention Agreement"), whether during or after your assignment, you are entitled to the benefits and provisions of the Retention Agreement, subject to the conditions set forth in the Retention Agreement.

If we mutually agree to return you to the Home Country or if you are terminated without Cause or resign for Good Reason, as described above, before you return to the Home Country, the following expenses will be covered for your return:

- Return flight for you and your family to the Home Country (30-day advance purchase fare, economy plus class);
- A one-time allowance of **$1,000.00 USD** (Vistaprint will "gross up" this allowance to cover any applicable income taxes that you may incur);
- Shipment of similar weight / volume of personal goods from the Host Country to the Home Country state where you lived before the assignment and subject to the same limitations (including shipment back of minivan and motorcycle);
- Return of items in storage to new home location in the Home Country;
- Rental car assistance for a maximum of 2 weeks; and
- 6 weeks of temporary housing in Home Country (if necessary).

TAX ASSISTANCE:

Summary of Tax Assistance Programs:

- To help minimize your tax burden and to assist with the additional federal and state tax liability that results from the reimbursed moving expenses, Vistaprint will provide tax coverage assistance on many of the taxable relocation payments made to you. For relocation provisions that are taxable (e.g.

temporary housing, etc), Vistaprint will pay on your behalf or reimburse you for the amount of taxes directly related to such relocation assistance.

- Vistaprint has selected **tax equalization** as the tax reimbursement policy for Long-Term Assignments. The intent of tax equalization is to ensure compliance in both the Home and Host Countries while on assignment, and to neutralize the effect of a possible windfall or financial hardship to you while on assignment.
- The equalization process includes performing **hypothetical tax calculations**, in conjunction with Vistaprint's Payroll Department. The financial impact to you will be minimal. Vistaprint will pay the hypothetical tax calculations on your behalf.
- Authorized fees associated with tax preparation through Vistaprint's tax assistance vendor will be covered in full and billed directly to Vistaprint.
- It is your responsibility to provide information in a timely manner, as well as communicate any family size or income changes that could affect personal income during the assignment. You will be responsible for any late filing penalties and interest.
- Also, **annual tax preparation of your Home Country and Host Country returns** will be provided to you for the term of the assignment, through our tax provider. Vistaprint may "gross up" the tax provider's fees to cover any applicable income taxes that you may incur.
- You may also receive some post-assignment tax assistance, depending on the number of days worked in the Host Country during the previous tax year. This determination will be made by Vistaprint and our tax vendor.
- Our tax vendor will be available to meet with you, if necessary, to formally discuss any follow up questions you may have related to Vistaprint's tax assistance policy and the services provided to all expatriates.
- All tax benefits for expatriates are subject to Vistaprint's Tax Equalization Policy, which is attached as Exhibit A to this Agreement.
- If it would be advantageous to you or Vistaprint from a tax perspective to enter or pay a portion of your compensation into a pre-tax plan, tax advantaged plan or salary sacrifice arrangement available in your Host Country, then Vistaprint may require you to enter or pay a portion of your compensation into such a plan or arrangement.

EMERGENCY LEAVE:

If your personal circumstances require you to take unplanned or immediate leave, we will provide you with emergency leave. You should discuss your circumstances with your Home and Host Country HR Contact, who will be able to arrange the support you need and the number of days' leave.

It is your responsibility to review your individual coverage for emergency care provisions prior to travelling. In some parts of the world, there are medical facilities that require guarantee of payment, so you should be aware of the emergency medical coverage provisions of your individual medical insurance program.

COMPLIANCE AND ETHICS:

You and your family should understand that you can be, and often are, highly visible representatives of Vistaprint in the Host Country. As such, you will need to be familiar with and adhere to Vistaprint's policies and applicable Home and Host Country work laws. It is imperative that you and your family members follow both the letter and the spirit of the law, not only to protect yourselves from criminal or civil penalties, but also to

maintain and advance Vistaprint's image as a reputable corporate citizen in the countries in which we operate. You will be expected to operate in compliance with Vistaprint's Code of Business Conduct and Ethics at all times.

DATA PROTECTION ACT:

To manage your assignment effectively we may need to process personal data relating to you for the purpose of personnel and employment administration. This may include the transfer of data to, and processing by, other offices. Examples could include providing the Host Country office with your bank account details, or an emergency contact number for a relative in your Home Country.

By signing this assignment extension letter, you consent under any applicable data protection laws or regulations to the processing of your personal data, including the transfer, from time to time, of your personal data to other offices outside of your Home Country and Host Country. Data will be released only to authorized individuals for administrative purposes only.

TERMINATION OF ASSIGNMENT:

Vistaprint accepts no responsibility for losses resulting from the purchase of housing in the Host Country, whether those losses are the result of market conditions, exchange rate fluctuations, taxes or other causes, including early termination of the assignment. In addition, should the purchase of housing increase your tax liability in the Host Country, you will be responsible for this increased cost.

If you resign from Vistaprint while on assignment, Vistaprint will pay the costs for your return transportation to your Home Country but will not cover the costs associated with the shipment of furniture, household goods, or personal effects except where mandated by law. Should you choose to remain in your Host Country, your tax equalization calculation will assume that you returned to your Home Country within 30 days of separation and that the only income earned was Vistaprint income.

In the event of your involuntary termination during your assignment, you will be repatriated and covered under your Home Country's severance policy, if any. Vistaprint will give you at least 30 days' notice of any involuntary termination, unless a longer notice period is required by applicable law or any employment agreement, in which case Vistaprint will give such longer period of notice.

Your total years of service with companies affiliated with Vistaprint shall be recognized for purposes of calculating retirement benefits. Severance payments mandated by law shall be based on years of service in the country of last employment (Home Country). In some locations, national law may construe a voluntary termination or transfer to an affiliated company as a "termination" or require that any severance payment to be made should be based on more years of service than those actually performed in the country of last employment (Home Country). As an expatriate employee, you are not eligible to receive such payments. If however, you do receive them, you will be required to repay Vistaprint upon receipt. If repayment is not made within sixty (60) days, the amounts will be offset against other benefits to which you may be entitled.

GOVERNING LAW:

This letter, your global assignment and your employment relationship generally are subject to and governed by the laws of Home Country in accordance with the terms of the Long Term Assignment Policy (Premium). This letter shall not be amended or supplemented unless in writing signed by you and duly authorized representatives of Vistaprint.

ENTIRE AGREEMENT:

This letter supersedes the terms of the Barcelona Transfer Package Agreement dated June 19, 2008 between you and Vistaprint.

Best wishes to you in your assignment extension.

Sincerely,

/s/ Robert S. Keane
Robert Keane
President and Chief Executive Officer, Vistaprint

ASSIGNMENT EXTENSION AGREEMENT

I understand and concur with the terms and conditions specified in this Assignment Extension Agreement. I also understand the terms of this Assignment Extension Agreement to be a confidential matter between Vistaprint and me. Reimbursements will be contingent upon and subject to my providing Vistaprint with appropriate documentation regarding the expenses herein. All expenses must be substantiated using the Employee Relocation Expense Report within 30 days after the expenses are paid or incurred.

I agree to reimburse Vistaprint on a pro-rata basis for the relocation expenses provided herein if I voluntarily terminate employment or request transition to an alternate Vistaprint geographic location within 12 months from the Extension Effective Date set forth on page 1 of this Assignment Extension Agreement. The “pro-rata” portion of the expenses will be determined by my length of service from the Assignment Extension.

I further understand the employment relationship can be terminated at will, with or without cause, at any time by Vistaprint or me.

Employee /s/ Nicholas Ruotolo Date 29/11/10

Signature

Transition Agreement

This Transition Agreement made as of this 23rd day of December, 2010 by and among Vistaprint N.V. ("Vistaprint"), Vistaprint USA, Incorporated ("Vistaprint USA" and, together with Vistaprint, the "Company") and Michael Giannetto ("Mr. Giannetto").

WHEREAS, Mr. Giannetto currently serves as the Company's Executive Vice President and Chief Financial Officer;

WHEREAS, Mr. Giannetto informed the Company of his desire to resign his positions with the Company; and

WHEREAS, the Company and Mr. Giannetto believe that it is in both of their interests for him to continue his employment until June 30, 2011 (the "Resignation Date") pursuant to the provisions set forth in this Transition Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties agree as follows.

1. Transition Period. The Company agrees that it will maintain Mr. Giannetto's employment as Executive Vice President and Chief Financial Officer until March 1, 2011 and then he shall hold another management position designated by the Company from March 1, 2011 until the Resignation Date (the "Transition Period"). During the Transition Period, Mr. Giannetto will continue to perform services on a full-time basis for the Company and will continue to receive the same level of pay and benefits from the Company that he received immediately prior to the execution of this Transition Agreement. In addition, provided Mr. Giannetto remains employed with the Company through the Resignation Date, provided he is not terminated by the Company for "Cause," it will provide him with the following benefits, subject to the requirements of Exhibit A:

(i) Retention Benefits if Mr. Giannetto Remains Employed Through the Resignation Date.

(a) Extension of Option Exercise Period. The Nonqualified Stock Option Agreements pursuant to which Mr. Giannetto has been granted options to purchase Vistaprint ordinary shares granted to him under the Vistaprint Amended and Restated 2005 Equity Plan (collectively, the "Options") shall be amended such that Mr. Giannetto shall have the right to exercise the portion of all such Options that are vested as of the Resignation Date for a period of nine (9) months after the Resignation Date.

(b) COBRA Continuation. Provided Mr. Giannetto timely elects to continue receiving group medical insurance pursuant to the federal "COBRA" law, 29 U.S.C. § 1161 et seq. and for so long as he remains eligible to continue such coverage and does not become eligible for coverage under another group health plan maintained by a subsequent employer, the Company shall pay the share of the premium for health coverage that is paid by the Company for active and similarly situated employees who receive the same type of coverage for a period of up to six (6) months from the Resignation Date; provided, however, that the Company and Mr. Giannetto

mutually agree that if such payments by the Company would cause either Mr. Giannetto or the Company to be subject to material tax liability, the parties will use reasonable efforts to agree to restructure the arrangement consistent with the intent of this provision so as to avoid such adverse tax consequence. All other Company benefits will end upon the Resignation Date.

(c) Annual and Four-Year Vesting Cash Incentive Payments. As Mr. Giannetto will have remained employed through the end of Fiscal Year 2011, he shall receive payment for his Fiscal Year 2011 annual bonus award under the Company's Performance Incentive Plan for Covered Employees (the "Plan") based on the amount calculated pursuant to the terms of the applicable award agreement, with such bonus to be paid in accordance with normal Company practice. Furthermore, with respect to Mr. Giannetto's two outstanding four-year vesting long-term cash incentive awards granted under the Plan on September 30, 2009 and August 6, 2010, respectively (the "Long-Term Cash Incentive Awards"), the Cash Payment Amounts due under each such award with respect to the Performance Period ending on the June 30, 2011 vesting date (as each such term is defined in the award agreements) shall become fully vested as of the Resignation Date, with each applicable Cash Payment Amount to be calculated in accordance with the terms of the respective award agreement. The Company shall pay such Cash Payment Amounts on or before September 15, 2011.

(ii) Early Termination Benefits if the Company Terminates Mr. Giannetto's Employment Without Cause Prior to the Resignation Date.

i. If the Company terminates Mr. Giannetto's employment other than for "Cause" prior to the Resignation Date, the Company shall pay him his base salary as if he had remained employed from the termination date through the Resignation Date. The payment of the base salary will be made in a lump sum, less applicable taxes and withholdings, within fifteen (15) days of his date of termination without Cause. Mr. Giannetto shall also receive (A) his Fiscal Year 2011 annual bonus award under the Plan based on the amount calculated pursuant to the terms of the award agreement as if Mr. Giannetto had remained employed through the Resignation Date, with such bonus to be paid in accordance with normal Company practice and (B) any Cash Payment Amounts due under the Long-Term Cash Incentive Awards with respect to the Performance Period ending on the June 30, 2011 vesting date as if Mr. Giannetto had remained employed through the Resignation Date, with each Cash Payment Amount to be calculated in accordance with the terms of the applicable award agreement for such Performance Period. The amount set forth in clause (B) above shall be paid on or before September 15, 2011. In addition, to the extent that any portion of Mr. Giannetto's Options are not exercisable as of the termination date but would have vested on or before the Resignation Date but for such termination of employment, the Nonqualified Stock Option Agreements applicable to such Options shall be

amended such that such Options shall become immediately vested and exercisable as to such additional number of shares as would have become vested as of the Resignation Date had Mr. Giannetto's employment not been so terminated, and Mr. Giannetto shall have the right to exercise all then vested portions of the Options for a period ending nine (9) months after the Resignation Date. Similarly, if any of Mr. Giannetto's unvested restricted share units granted under the Company's Amended and Restated 2005 Equity Incentive Plan would have vested on or before the Resignation Date but for such termination of employment, the applicable restricted share unit award agreements shall be amended such that those restricted share units that would have become vested as of the Resignation Date had Mr. Giannetto's employment not been so terminated shall become immediately vested as of the termination date. In addition, and provided Mr. Giannetto timely elects to continue receiving group medical insurance pursuant to the federal COBRA law, and for so long as he remains eligible to continue such coverage and does not become eligible for coverage under another group health plan maintained by a subsequent employer, the Company shall pay the share of the premium for health coverage that is paid by the Company for active and similarly situated employees who receive the same type of coverage for a period ending up to six (6) months following the Resignation Date; provided, however, that the Company and Mr. Giannetto mutually agree that if such payments by the Company would cause either Mr. Giannetto or the Company to be subject to material tax liability, the parties will use reasonable efforts to agree to restructure the arrangement consistent with the intent of this provision so as to avoid such adverse tax consequence. For purposes of this Transition Agreement, "Cause" shall have the meaning as set forth on Exhibit B hereto. If the Transition Period terminates for any reason other than a termination by the Company without Cause, Mr. Giannetto shall only be entitled to receive the pay and benefits he earned as of the termination date.

2. Termination of Existing Amended and Restated Executive Retention Agreement. This Transition Agreement supersedes and replaces in its entirety the Amended and Restated Executive Retention Agreement between the parties dated October 23, 2009, which shall hereafter be null and void and of no further force and effect.

3. Amendment. This Transition Agreement shall be binding upon the parties and may not be modified in any manner, except by an instrument in writing of concurrent or subsequent date signed by duly authorized representatives of the parties hereto. This Transition

Agreement is binding upon and shall inure to the benefit of the parties and their respective agents, assigns, heirs, executors, successors and administrators.

4. No Waiver. No delay or omission by either party in exercising any right under this Transition Agreement shall operate as a waiver of that or any other right. A waiver or consent given by a party on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

5. Validity. Should any provision of this Transition Agreement be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal and/or invalid part, term or provision shall be deemed not to be a part of this Transition Agreement.

6. Voluntary Assent. Mr. Giannetto affirms that no other promises or agreements of any kind have been made to or with his by any person or entity whatsoever to cause him to sign this Transition Agreement, and that he fully understand the meaning and intent of this agreement. Mr. Giannetto states and represents that he has had an opportunity to fully discuss and review the terms of this Transition Agreement with an attorney.

7. Tax Consequences; Section 409A. The parties intend that the payments and benefits hereunder be exempt from the provisions of Section 409A. The Company makes no representation or warranty and shall have no liability to Mr. Giannetto or any other person as to the tax consequences of payments or benefits hereunder, including liability that may arise if any provisions of this Transition Agreement and the attachments hereto are determined to constitute deferred compensation subject to Section 409A but do not satisfy the conditions of such section.

8. Applicable Law. This Transition Agreement shall be interpreted and construed by the laws of the Commonwealth of Massachusetts, without regard to conflict of laws provisions. The parties hereby irrevocably submit to and acknowledge and recognize the jurisdiction of the courts of the Commonwealth of Massachusetts, or if appropriate, a federal court located in Massachusetts (which courts, for purposes of this Transition Agreement, are the only courts of competent jurisdiction), over any suit, action or other proceeding arising out of, under or in connection with this Transition Agreement or the subject matter hereof.

9. Entire Agreement. This Transition Agreement contains and constitutes the entire understanding and agreement between the parties hereto and cancels all previous oral and written negotiations, agreements, commitments and writings in connection therewith. Nothing in this paragraph, however, shall modify, cancel or supersede the obligations of Mr. Giannetto set forth in his Invention and Non-Disclosure Agreement and his Non-Competition and Non-Solicitation Agreement with the Company that he previously executed with the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Signature Page to Michael Giannetto Transition Agreement

VISTAPRINT N.V.	Michael Giannetto
By: /s/ Robert S. Keane	/s/ Michael Giannetto
Name: Robert S. Keane	
Title: President and Chief Executive Officer	

VISTAPRINT USA, INCORPORATED

By: /s/ Lawrence A. Gold
Name: Lawrence A. Gold
Title: Senior Vice President and General Counsel

Exhibit A: Payments subject to Section 409A

1. Subject to this Exhibit A, any severance payments that may be due under the Transition Agreement shall begin only upon the date of Mr. Giannetto's "separation from service" (determined as set forth below) which occurs on or after the termination of his employment. The following rules shall apply with respect to distribution of the severance payments, if any, to be provided to Mr. Giannetto under the Transition Agreement, as applicable:

(a) It is intended that each installment of the severance payments under the Transition Agreement shall be treated as a separate "payment" for purposes of Section 409A ("Section 409A"). Neither the Company nor Mr. Giannetto shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(b) If, as of the date of Mr. Giannetto's "separation from service" from the Company, he is not a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in the Transition Agreement.

(c) If, as of the date of Mr. Giannetto's "separation from service" from the Company, he is a "specified employee" (within the meaning of Section 409A), then:

(i) Each installment of the severance payments due under the Transition Agreement that, in accordance with the dates and terms set forth herein, will in all circumstances, regardless of when Mr. Giannetto's separation from service occurs, be paid within the short-term deferral period (as defined under Section 409A) shall be treated as a short-term deferral within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A; and

(ii) Each installment of the severance payments due under the Transition Agreement that is not described in this Exhibit A, Section 1(c)(i) and that would, absent this subsection, be paid within the six-month period following his "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, Mr. Giannetto's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following his separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of Mr.

Giannetto’s second taxable year following the taxable year in which the separation from service occurs.

2. The determination of whether and when Mr. Giannetto’s separation from service from the Company has occurred shall be made and in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Exhibit A, Section 2, “Company” shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

3. The Company makes no representation or warranty and shall have no liability to Mr. Giannetto or to any other person if any of the provisions of the Transition Agreement (including this Exhibit) are determined to constitute deferred compensation subject to Section 409A but that do not satisfy an exemption from, or the conditions of, that section.

Exhibit B

For purposes of the Transition Agreement, “Cause” shall mean:

1. Mr. Giannetto’s willful and continued failure to substantially perform his reasonably assigned duties (other than any such failure resulting from incapacity due to physical or mental), which failure is not cured within 30 days after a written demand for substantial performance is received by Mr. Giannetto from the Supervisory Board which specifically identifies the manner in which the Supervisory Board believes he has not substantially performed his duties; or

2. Mr. Giannetto’s willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

Exhibit 31.1

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 quarterly 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 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: January 28, 2011

/s/ ROBERT S. KEANE

Robert S. Keane
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael Giannetto, 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 quarterly 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 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: January 28, 2011

/s/ MICHAEL GIANNETTO

Michael Giannetto
Chief Financial Officer

Exhibit 32.1

**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, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Robert S. Keane, Chief Executive Officer of the Company, and Michael Giannetto, 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: January 28, 2011

/s/ ROBERT S. KEANE
Robert S. Keane
Chief Executive Officer

Date: January 28, 2011

/s/ MICHAEL GIANNETTO
Michael Giannetto
Chief Financial Officer