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

Hudsonweg 8
5928 LW Venlo
The Netherlands
(Address of Principal Executive Offices, 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 o 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 April 27, 2010, there were outstanding 43,738,515 ordinary shares of the registrant, par value €.01 per share.

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q is being filed pursuant to the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), by Vistaprint N.V., a Dutch limited liability company (*nammlooze vennootschap*), as successor to Vistaprint Limited, a company incorporated under the laws of Bermuda. Pursuant to a scheme of arrangement under Bermuda law, on August 31, 2009 all of the previously outstanding common shares of Vistaprint Limited were cancelled and each holder of cancelled Vistaprint Limited common shares received ordinary shares of Vistaprint N.V. As a result of the scheme of arrangement and share exchange transaction, Vistaprint Limited became a wholly owned subsidiary of Vistaprint N.V. Pursuant to Rule 12g-3 under the Exchange Act, Vistaprint N.V. is filing this Quarterly Report on Form 10-Q, which includes the full nine months ended March 31, 2010 including the activity of Vistaprint Limited before the succession, as the successor issuer for reporting purposes under the Exchange Act.

FORM 10-Q

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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)

	March 31, 2010	June 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 162,585	$ 133,988
Marketable securities	9,739	—
Accounts receivable, net of allowances of $56 and $172, respectively	10,245	5,672
Inventory	5,890	4,384
Prepaid expenses and other current assets	14,663	12,819
Total current assets	203,122	156,863
Property, plant and equipment, net	236,788	193,622
Software and web site development costs, net	6,431	6,754
Deferred tax assets	6,979	7,035
Other assets	11,512	5,275
Total assets	$ 464,832	$ 369,549
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 19,070	$ 11,347
Accrued expenses	61,292	43,724
Deferred revenue	4,350	3,393
Current portion of long-term debt	5,556	8,349
Total current liabilities	90,268	66,813
Deferred tax liabilities	1,613	1,637
Other liabilities	5,919	5,100
Long-term debt	—	10,465
Total liabilities	97,800	84,015
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Ordinary shares, par value €0.01 per share; 120,000,000 shares authorized; 49,814,829 and 49,175,223 shares issued and 43,700,959 and 42,805,811 shares outstanding, respectively	697	625
Treasury shares, at cost, 6,113,870 and 6,369,412, respectively	(28,396)	(29,881)
Additional paid-in capital	241,279	212,284
Retained earnings	154,875	98,784
Accumulated other comprehensive (loss) income	(1,423)	3,722
Total shareholders' equity	367,032	285,534
Total liabilities and shareholders' equity	$ 464,832	$ 369,549

See accompanying notes.

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VISTAPRINT N.V.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2010	2009	2010	2009
Revenue	$ 166,029	$ 127,523	$ 505,732	$ 380,658
Cost of revenue (1)	59,659	46,583	180,400	142,119
Technology and development expense (1)	19,601	15,646	57,770	44,700
Marketing and selling expense (1)	54,530	39,644	161,076	117,128
General and administrative expense (1)	14,427	9,664	43,543	30,240
Income from operations	17,812	15,986	62,943	46,471
Interest income	113	251	327	1,543
Other expense, net	14	389	648	1,755
Interest expense	123	342	670	1,075
Income before income taxes	17,788	15,506	61,952	45,184
Income tax provision	1,621	1,340	5,861	4,195
Net income	$ 16,167	$ 14,166	$ 56,091	$ 40,989
Basic net income per share	$ 0.37	$ 0.34	$ 1.30	$ 0.95
Diluted net income per share	$ 0.35	$ 0.33	$ 1.24	$ 0.92
Weighted average shares outstanding – basic	43,569,607	42,183,100	43,234,283	43,290,985
Weighted average shares outstanding – diluted	45,661,139	43,109,786	45,265,012	44,469,114

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2010	2009	2010	2009
Cost of revenue	$ 186	$ 183	$ 633	$ 565
Technology and development expense	1,307	1,247	4,581	3,707
Marketing and selling expense	1,161	1,010	3,781	3,032
General and administrative expense	2,489	2,156	7,905	7,575

See accompanying notes.

VISTAPRINT N.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

	Nine Months Ended March 31, 2010	Nine Months Ended March 31, 2009
Operating activities		
Net income	$ 56,091	$ 40,989
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,702	25,991
Abandonment of acquired intangible assets	920	—
Loss on sale, disposal or impairment of long-lived assets	131	1,331
Amortization of premiums and discounts on short-term investments	45	—
Share-based compensation expense	16,900	14,879
Tax benefits derived from share-based compensation awards	(4,877)	(4,408)
Deferred taxes	(50)	—
Changes in operating assets and liabilities, excluding the effect of an acquisition:		
Accounts receivable	(4,584)	(1,769)
Inventory	(1,656)	(844)
Prepaid expenses and other assets	1,527	(1,484)
Accounts payable	5,991	2,942
Accrued expenses and other liabilities	20,030	14,625
Net cash provided by operating activities	123,170	92,252
Investing activities		
Purchases of property, plant and equipment	(73,828)	(59,575)
Proceeds from sale of equipment	177	—
Business acquisition, net of cash acquired	(6,496)	—
Purchases of marketable securities	(9,804)	(6,078)
Sales and maturities of marketable securities	100	25,037
Capitalization of software and website development costs	(4,804)	(5,319)
Net cash used in investing activities	(94,655)	(45,935)
Financing activities		
Repayments of long-term debt	(13,514)	(2,423)
Payment of withholding taxes in connection with vesting of restricted share units	(4,366)	(1,832)
Repurchase of ordinary shares	—	(45,518)
Tax benefits derived from share-based compensation awards	4,877	4,408
Proceeds from issuance of shares	13,407	4,757
Net cash provided by (used in) financing activities	404	(40,608)
Effect of exchange rate changes on cash	(322)	(1,110)
Net increase in cash and cash equivalents	28,597	4,599
Cash and cash equivalents at beginning of period	133,988	103,145
Cash and cash equivalents at end of period	$ 162,585	$ 107,744

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 small 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 ranging from business cards, website hosting, brochures and invitations to marketing and creative services. The Company focuses on serving the marketing, graphic design and printing needs of the small business market, generally businesses or organizations with fewer than 10 employees. The Company also provides personalized products and services to the consumer market.

Change of Domicile

On August 31, 2009, the Company moved the place of incorporation of the publicly traded parent entity of the Vistaprint group of companies from Bermuda to the Netherlands. Vistaprint N.V. was formed as a limited liability company (*nammlooze vennootschap)* under the laws of the Netherlands and pursuant to a scheme of arrangement under Bermuda law approved by the common shareholders of Vistaprint Limited, among other things, each common share of Vistaprint Limited was exchanged for one ordinary share of Vistaprint N.V.

As a result of the scheme of arrangement and the share exchange transaction, the common shareholders of Vistaprint Limited became ordinary shareholders of Vistaprint N.V. and Vistaprint Limited became a wholly owned subsidiary of Vistaprint N.V. The par value of the Company's common shares increased from $0.001 per share to €0.01 per share (or $0.014 based on an exchange rate in effect on August 31, 2009). In connection with consummation of the scheme of arrangement, Vistaprint N.V. assumed Vistaprint Limited's existing obligations in connection with awards granted under Vistaprint Limited's incentive plans and other similar employee awards. Additionally, 120,000,000 preferred shares with a par value of €0.01 per share were authorized, of which no preferred shares are issued or outstanding. As of March 31, 2010, Vistaprint Limited held 4,500,000 ordinary shares of Vistaprint N.V., which are included in treasury shares.

A foundation, Stichting Continuïteit Vistaprint (the "Foundation"), was established whose board consists of three members, at least two of whom are independent of the Company. The purpose of the Foundation is to safeguard the interests of the Company and its stakeholders and to assist in maintaining the Company's continuity and independence. On November 16, 2009, Vistaprint N.V. entered into a Call Option Agreement with the Foundation pursuant to which the Foundation may acquire a number of Vistaprint N.V.'s preferred shares up to a maximum of the total number of Vistaprint N.V.'s ordinary shares then outstanding at an exercise price of €0.01 per share. The call option held by the Foundation is designed to provide a protective measure against unsolicited take-over bids for the Company or other hostile threats through the issuance of preferred shares to the Foundation that would give the Foundation voting and dispositive power over up to 50% of Vistaprint N.V.'s outstanding securities. The Company has determined it is the primary beneficiary of the Foundation and therefore has included the Foundation in its consolidated financial statements. The Foundation does not have any assets or liabilities as of March 31, 2010 and it is not expected that the Company will be exposed to any material loss as a result of its involvement with the Foundation.

The change of domicile described above (the "Change of Domicile") was accounted for as a merger between entities under common control. Both the Change of Domicile and the consolidation of the Foundation have not had and are not expected to have a material impact on how Vistaprint conducts its day-to-day operations, its financial position, consolidated effective tax rate, results of operations or cash flows. The historical financial statements of Vistaprint Limited for periods prior to this transaction are considered to be the historical financial statements of Vistaprint N.V.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

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 nine months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending June 30, 2010 or for any other period. The condensed consolidated balance sheet at June 30, 2009 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, 2009 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

On December 30, 2009, the Company acquired Soft Sight, Inc. ("Soft Sight"). See Note 6, "Acquisition of Soft Sight, Inc.," for additional information regarding the acquisition.

Inventories

Inventories consist primarily of raw materials and are stated at the lower of first-in, first-out cost or market.

Treasury Shares

Treasury shares are accounted for under the cost method and included as a component of shareholders' equity. Treasury shares are used to fulfill certain share option exercises and restricted share unit vesting, and may in the future be used for acquisitions.

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. Ordinary share equivalents of 37,692 and 284,962 were excluded from the determination of potentially dilutive shares for the three and nine months ended March 31, 2010, respectively, due to their anti-dilutive effect. Ordinary share equivalents of 2,655,163 and 2,453,590 were excluded from the determination of potentially dilutive shares for the three and nine months ended March 31, 2009, respectively, due to their anti-dilutive effect.

The following table sets forth the reconciliation of basic and diluted shares outstanding:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2010	2009	2010	2009
Weighted average shares outstanding, basic	43,569,607	42,183,100	43,234,283	43,290,985
Weighted average shares issuable upon exercise / vesting of outstanding share options/RSUs	2,091,532	926,686	2,030,729	1,178,129
Shares used in computing diluted net income per share	45,661,139	43,109,786	45,265,012	44,469,114

Share-Based Compensation

During the three and nine months ended March 31, 2010, the Company recorded share-based compensation costs of $5,143 and $16,900, respectively, and $4,596 and $14,879 during the three and nine months ended March 31, 2009, respectively. Share-based compensation costs capitalized as part of software and website development costs were $108 and $372 for the three and nine months ended March 31, 2010, respectively, and were $250 and $763 for the three and nine months ended March 31, 2009, respectively.

As part of the quarterly financial reporting process for the second fiscal quarter ended December 31, 2009, the Company became aware that the widely used third-party software application it used to calculate share-based compensation costs contained computational errors that affected the timing of expense recognition. These errors were corrected in the most current software version that the Company had not implemented during the affected periods. Specifically, the software incorrectly applied a weighted average forfeiture rate to the vested portion of stock option and restricted share awards until the grant's final vest date, rather than reflecting actual forfeitures as awards vest, resulting in a cumulative understatement of share-based compensation expense and additional paid in capital in prior years of $1.3 million. In accordance with SEC Staff Accounting Bulletin ("SAB") No. 99, *Materiality*, and SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, the Company assessed the materiality of this error on its financial statements for the fiscal years ending prior to and including June 30, 2009, using both the roll-over and iron-curtain method as defined in SAB No. 108. The Company concluded that the effect of this cumulative error was not material to its interim or annual financial statements for any prior period and, as such, those financial statements are not materially misstated. The Company also concluded that providing for the correction of the error in the second quarter of the current fiscal year would not have a material effect on its annual financial statements for the year ending June 30, 2010. Accordingly, the Company recorded a charge to share-based compensation and additional paid in capital of $1.3 million to correct this error in its second fiscal quarter, which is included in the nine months ended March 31, 2010. As share-based compensation is a non-cash item there is no impact on net cash provided by operations. The Company has since implemented the most current software version and the computational errors have therefore been rectified.

At March 31, 2010, there was $34,642 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 2.2 years.

Income Taxes

The Company is subject to income taxes in certain jurisdictions including but not limited to the Netherlands, Canada, 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 our 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 our 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 June 30, 2009, the Company had unrecognized tax benefits, including interest, of approximately $1,489, which will reduce the effective tax rate when recognized. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. There have been no significant changes to these amounts during the three and nine months ended March 31, 2010.

The Company's U.S. subsidiary is under audit by the Internal Revenue Service and the Commonwealth of Massachusetts. In addition, 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 March 31, 2010 and June 30, 2009, the Company also held one remaining auction rate security as a result of failed auctions in fiscal year 2009. 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 (loss) income. 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 or nine months ended March 31, 2010 and 2009.

Cash, cash equivalents and marketable securities by major security type as of March 31, 2010 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	$ 162,585	$ —	$ 162,585
Marketable securities:			
Certificates of deposit	960	(2)	958
Corporate debt securities	6,900	(16)	6,884
U.S. government and agency securities	1,900	(3)	1,897
Total current marketable securities	9,760	(21)	9,739
Municipal auction rate security	700	(40)	660
Total long-term marketable securities	700	(40)	660
Total cash, cash equivalents and marketable securities	$ 173,045	$ (61)	$ 172,984

Cash, cash equivalents and marketable securities by major security type as of June 30, 2009 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	$ 133,988	$ —	$ 133,988
Marketable security:			
Municipal auction rate security	800	(40)	760
Total long-term marketable security	800	(40)	760
Total cash, cash equivalents and marketable security	$ 134,788	$ (40)	$ 134,748

The contractual maturities of all securities held at March 31, 2010 and June 30, 2009 are one year or less, except for the Company's auction rate security with a maturity beyond ten years, which is included in other assets in the accompanying balance sheets as the Company has the intent and ability to hold the asset until the anticipated recovery period.

Gross realized gains and losses on the sales of investments have not been material to the Company's consolidated results of operations for the periods presented.

Derivative Instruments and Hedging Activities

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges of forecasted purchases is recorded in Accumulated Other Comprehensive Income ("AOCI"). The gains and losses will be reclassified into earnings in the same period that the hedged item affects earnings. The ineffective portion of the change in fair value of derivatives, as well as amounts excluded from the assessment of hedge effectiveness, if any, are recognized directly in earnings.

Business Combinations

The Company assigns the value of the consideration transferred to acquire a business to the tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. The Company assesses the fair value of assets, including intangible assets, using a variety of methods and each asset is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of intangible assets incorporates significant assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's use of the asset and the appropriate discount rates for a market participant. Assets recorded from the perspective of a market participant that are determined to not have economic use for the Company are expensed immediately. Transaction costs and restructuring costs associated with a transaction to acquire a business are expensed as incurred.

Intangible Assets

The Company records acquired intangible assets at fair value on the date of acquisition and amortizes such assets using the straight-line method over the expected useful life, unless another method was deemed to be more appropriate. The Company evaluates the remaining useful life of intangible assets on a periodic basis to determine whether events and circumstances warrant a revision to the remaining useful life. If the estimate of an intangible asset's remaining useful life is changed, the Company amortizes the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

Goodwill

The difference between the purchase price and the fair value of assets acquired and liabilities assumed in a business combination is allocated to goodwill. Goodwill will be evaluated for impairment on an annual basis during the fiscal third quarter, or earlier if impairment indicators are present.

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") became effective for the Company in the quarter ended September 30, 2009. The Codification brings together in one place all authoritative GAAP and substantially retains existing GAAP. This change did not affect the Company's consolidated financial statements.

Effective July 1, 2009, the Company adopted the revisions to FASB ASC Topic 805 *Business Combinations* that requires all assets and liabilities of an acquired business to be recorded at their fair values in all business combinations (whether full, partial or step acquisitions). Certain forms of contingent consideration and certain acquired contingencies are also required to be recorded at fair value at the acquisition date. Acquisition costs are now expensed as incurred and restructuring costs will be expensed in periods after the acquisition date in accordance with the Company's existing accounting policy for restructuring costs. Finally, post-acquisition changes in deferred tax asset valuation allowances and acquired income tax uncertainties are recognized as income tax expense or benefit. The acquisition of Soft Sight during the period was accounted for using the new requirements; however, neither that acquisition nor the adoption of FASB ASC Topic 805 had a material impact on the Company's consolidated financial statements.

Effective July 1, 2009, the Company adopted the revisions to FASB ASC Topic 810 *Consolidation* that requires the Company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is required to be clearly identified and presented on the face of the consolidated statement of income; changes in ownership interest be accounted for similarly, as equity transactions. When a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary is to be measured at fair value. The revisions also require the Company to revise evaluations of whether entities represent variable interest entities, ongoing assessments of control over such entities, and additional disclosures for variable interests. The adoption of these requirements did not have a material impact on the Company's consolidated financial statements.

Accounting Standards Update ("ASU") 2009-05, *Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value* allows entities determining the fair value of a liability to use the perspective of an investor that holds the related obligation as an asset. The ASU is effective for interim and annual periods beginning after August 27, 2009, and applies to all fair-value measurements of liabilities required by GAAP. Additionally, effective January 1, 2010, we adopted ASU 2010-06 *Improving Disclosures about Fair Value Measurements*, which requires additional disclosures regarding assets and liabilities measured at fair value. The adoption of these requirements did not have a material impact on the Company's consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, which amends the Subsequent Events Topic of the ASC to eliminate the requirement for public companies to disclose the date through which subsequent events have been evaluated. The Company will continue to evaluate subsequent events through the date of the issuance of the financial statements; however, consistent with the guidance, this date will no longer be disclosed. This change did not affect the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

ASU 2009-13 *Multiple-Deliverable Revenue Arrangements* 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. This ASU is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and early adoption is permitted. The Company does not believe that the adoption of this ASU will have a material impact on its consolidated financial statements.

ASU 2009-14 *Certain Revenue Arrangements that Include Software Elements* amends ASC Subtopic 985-605 *Software-Revenue Recognition*, which 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 ASU is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after

June 15, 2010 and early adoption is permitted. The Company does not believe that the adoption of this ASU will have a material impact on its 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.

Effective July 1, 2009, the Company adopted FASB ASC Topic 820 *Fair Value Measurements and Disclosures* for all non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. There was no cumulative effect of adoption and the adoption did not have an impact on the Company's financial position, results of operations, or cash flows. The adoption will impact future evaluations of impairment of long-lived assets, intangible assets, and goodwill.

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 March 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	$ 162,585	$ 162,585	$ —	$ —
Certificates of deposit	958	958	—	—
Corporate debt securities	6,884	6,884	—	—
U.S government and agency securities	1,897	1,897	—	—
Currency contracts	39	39	—	—
Long-term investments (1)	660	—	—	660
Total assets recorded at fair value	$ 173,023	$ 172,363	$ —	$ 660

(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) at March 31, 2010:

Balance at June 30, 2009	$ 760
Maturities or redemptions	(100)
Balance at March 31, 2010	$ 660

Cash Flow Hedge of Currency Exchange Risk

The Company is exposed to fluctuations in various currencies against its reporting currency, the US dollar. During the nine months ended March 31, 2010, the Company's Canadian subsidiary entered into a series of nine currency forward contracts with the objective of hedging currency exchange risk on forecasted monthly payments for the purchase of a long-lived asset denominated in a currency other than its functional currency and were designated and qualify as cash flow hedges at inception. As of March 31, 2010, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with forecasted transactions is three months.

As of March 31, 2010, the fair value of the Company's derivative currency contracts of $39 is recorded in prepaid expenses and other current assets and the related unrealized gain has been recognized in AOCI for the effective portion of the hedge. The cash flow hedge was considered to be highly effective and no amounts have been reclassified into earnings during the three and nine months ended March 31, 2010. It is expected that net gains in AOCI relating to the currency forwards reclassified into depreciation expense during the year ended June 30, 2010, if any, will be immaterial.

The Company has no credit-risk-related contingent features in any of its agreements with its derivative counterparties.

4. Comprehensive Income

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2010	2009	2010	2009
Net income	$ 16,167	$ 14,166	$ 56,091	$ 40,989
Unrealized (loss) gain on marketable securities	(19)	(26)	(19)	19
Unrealized gain on cash flow hedge, net of tax of $7 and $26, for the three and nine months ended March 31, 2010	16	—	57	—
Change in cumulative foreign currency translation adjustments	(6,361)	(3,123)	(5,183)	(8,268)
Comprehensive income	$ 9,803	$ 11,017	$ 50,946	$ 32,740

5. Segment Information

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief operating decision maker is considered to be the chief executive officer. The Company currently views its operations and manages its business as one operating segment.

The Company is in the process of reorganizing the business into operating segments on a geographical basis; however, separate discrete financial information is not yet available to be used by the chief operating decision maker to make decisions on how to allocate resources and assess performance at such a level. As a result, there has been no change in the Company's identification of operating segments as of March 31, 2010 and through the date the financial statements were issued. The Company believes that this change will take place during the current calendar year.

Geographic Data

Revenues by geography are based on the country-specific website through which the customer's order was transacted. The following table sets forth revenues and long-lived assets by geographic area:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2010	2009	2010	2009
Revenue:				
United States	$ 92,015	$ 79,665	$ 273,607	$ 230,859
Non-United States	74,014	47,858	232,125	149,799
Total revenue	$ 166,029	$ 127,523	$ 505,732	$ 380,658

	March 31, 2010	June 30, 2009
Long-lived assets (1):		
Canada	$ 110,006	$ 86,541
Netherlands	82,632	85,230
Australia (2)	17,938	—
Bermuda	16,436	17,880
United States	12,350	9,489
Jamaica	5,457	3,108

	March 31, 2010	June 30, 2009
Switzerland	1,948	1,733
Spain	1,750	1,541
Other	2,045	129
Total long-lived assets	$ 250,562	$ 205,651

(1) Excludes deferred tax assets of $6,979 and $7,035, respectively, and goodwill of $4,169 and $0, respectively.

(2) The increase in long-lived assets in Australia is a result of the commencement of construction of a production facility near Melbourne, Australia.

6. Acquisition of Soft Sight, Inc.

On December 30, 2009, the Company acquired 100% of the outstanding equity of Soft Sight, Inc., a privately held developer of embroidery digitization software based in the United States, for $6.5 million 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 is being accounted for under the acquisition method of accounting. All of the assets acquired and liabilities assumed in the transaction are recognized at their acquisition-date fair values, while transaction costs and restructuring costs associated with the transaction are expensed as incurred. The transaction and restructuring costs did not have and are not expected to have a material impact on the Company's consolidated results of operations or cash flows. The Company plans to launch a line of embroidered products to customers in fiscal 2011, and expects no revenue from embroidered products before that time. Pro forma results of operations for the three and nine months ended March 31, 2010 and 2009 assuming the acquisition of Soft Sight had taken place at the beginning of each period would not differ significantly from the Company's actual reported results.

Allocations of Assets and Liabilities

The Company has preliminarily allocated the purchase price for Soft Sight to net tangible assets of $0.1 million, deferred tax assets of $0.7 million, intangible assets of $2.6 million, goodwill of $4.2 million and a deferred tax liability of $1.1 million. The fair values of the acquired intangible assets were measured from the perspective of a market participant. Of the $2.6 million of acquired intangible assets, $0.9 million have been immediately expensed as they will not be used by the Company and do not have economic value for the Company. The carrying value of the remaining intangible assets relate to developed embroidery technology and customer lists, which will be 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 Vistaprint product offering. The Company does not expect the goodwill to be deductible for income tax purposes.

7. Debt

As of March 31, 2010 and June 30, 2009, the Company had total debt of $5,556 and $18,814, respectively. During the nine months ended March 31, 2010, the remaining balance of the Company's euro revolving credit agreement was paid in full. The total payment was $6,064 including $141 of interest and pre-payment penalties. Additionally, the final balloon payment on the Company's original Canadian credit facility became due and was paid in full on November 2, 2009 in the amount of $5,960. All remaining obligations under the Company's debt instruments as of March 31, 2010 are current.

8. Commitments and Contingencies

Purchase Commitments

At March 31, 2010, the Company had unrecorded commitments under contracts to expand its Canadian production facility and construct its Australian production facility of approximately $7,968 and $6,729, respectively, and commitments under contract for site development and construction of its Jamaican customer support and design center of approximately $3,286. The Company also had unrecorded commitments under contracts at March 31, 2010 to purchase production equipment for its Australian production facility of approximately $7,499.

Legal Proceedings

On July 27, 2006, Vistaprint Technologies Limited, an indirect wholly owned subsidiary of Vistaprint N.V., filed a patent infringement lawsuit against print24 GmbH, unitedprint.com AG and their two managing directors in the District Court in Düsseldorf Germany, alleging infringement by the defendants in Germany of one of Vistaprint Technologies Limited's European patents related to computer-implemented methods and apparatus for generating pre-press graphic files. On June 7, 2007, unitedprint.com AG filed a patent nullification action in the German Patent Court in relation to the same European patent at issue in Vistaprint Technologies Limited's infringement lawsuit against print24 and its co-defendants. On July 31, 2007, the District Court in Düsseldorf ruled in Vistaprint Technologies Limited's favor on the underlying infringement claim against print24 and its co-defendants, granting all elements of the requested injunction and ordering the defendants to pay damages for past infringement. The Düsseldorf District Court's ruling went into effect in early September 2007 and was not appealed by the defendants. On November 13, 2008, the German Patent Court held an oral hearing on the patent nullification action brought by unitedprint.com and revoked the patent at issue. The Patent Court issued a written opinion stating the basis for its ruling on March 24, 2009, and on April 22, 2009, Vistaprint Technologies Limited filed a notice of appeal of the Patent Court's ruling with the German Federal Supreme Court. The Company is unable to express an opinion as to the likely outcome of such appeal.

On May 14, 2007, Vistaprint Technologies Limited filed a patent infringement lawsuit against 123Print, Inc. and Drawing Board (US), Inc., subsidiaries of Taylor Corporation, in the United States District Court for the District of Minnesota. The complaint in the lawsuit asserts that the defendants have infringed and continue to infringe three U.S. patents owned by Vistaprint Technologies Limited related to browser-based tools for online product design. The complaint seeks an injunction against the defendants and the recovery of damages. The defendants filed their Answer and Counterclaims to the complaint on June 7, 2007, in which they denied the infringement allegations and asserted counterclaims for declaratory judgment of invalidity, unenforceability and non-infringement of the patents-in-suit. In August 2007, another Taylor Corporation subsidiary, Taylor Strategic Accounts, Inc., was added as an additional defendant in the case. The exchange of relevant documents and records and the depositions of fact witnesses in connection with the allegations of the parties have been substantially completed. In early June 2008, newly discovered third party prior art documents were introduced into the litigation. These documents had not been reviewed and considered by the U.S. Patent Office prior to issuance of the patents-in-suit. For that reason, on June 30, 2008, Vistaprint Technologies Limited requested the United States District Court to stay the litigation to provide the U.S. Patent Office an opportunity to reexamine the patents-in-suit in light of these newly discovered documents, and the Court granted Vistaprint Technologies Limited's request for a stay on September 2, 2008. Vistaprint Technologies Limited then submitted a request for reexamination of each of the patents-in-suit to the U.S. Patent Office, which granted the reexamination requests in February 2009. Pursuant to the Court's order, the stay will remain in place pending the resolution of the requests for reexamination. On October 28, 2008, a St. Paul, Minnesota law firm representing Taylor Corporation also filed requests with the U.S. Patent Office seeking reexamination of the three patents-in-suit. These reexamination requests were granted in May and June 2009 and were merged in September 2009 with the reexaminations earlier filed by Vistaprint Technologies Limited. The Company is unable to express an opinion as to the likely outcome of any such reexamination or of the underlying lawsuit.

On July 29, 2008, a purported class action lawsuit was filed in the United States District Court for the Southern District of Texas (the "Texas Complaint") against Vistaprint Corp., Vistaprint USA, Inc., Vertrue, Inc. and Adaptive Marketing, LLC (collectively, the "Defendants"). Adaptive Marketing, LLC is a Vertrue, Inc. company that provides subscription-based membership discount programs, including programs that are offered on the Company's Vistaprint.com website (Vertrue, Inc. and Adaptive Marketing, LLC are sometimes collectively referred to herein as the "Vertrue Defendants"). The Texas Complaint alleges that the Defendants violated, among other statutes, the Electronic Funds Transfer Act, the Electronic Communications Privacy Act, the Texas Deceptive Trade Practices-Consumer Protection Act and the Texas Theft Liability Act, in connection with certain membership discount programs offered to the Company's customers on the Company's Vistaprint.com website. The Texas Complaint also seeks recovery for unjust enrichment, conversion, and similar common law claims. Subsequent to the filing of the Texas complaint, in July, August and September 2008, several nearly identical purported class action lawsuits were filed in the United States District Court, District of New Jersey, the United States District Court, Southern District of Alabama, the United States District Court, District of Nevada, the United States District Court, District of Massachusetts, and the United States District Court, District of Florida against the same Defendants, and in one case Vistaprint Limited, on behalf of different plaintiffs. The complaints in each of these nearly identical lawsuits include substantially the same purported Federal and common law claims as the Texas Complaint but contain different state law claims. In addition, on August 28, 2008, a purported class action lawsuit asserting substantially the same Federal and common law claims as the Texas Complaint, but containing a state law claim under the Massachusetts Unfair Trade Practices Act, was filed by a different plaintiff in the United States District Court, District of Massachusetts, against Vistaprint Limited, Vistaprint USA, Inc. and the Vertrue Defendants.

Among other allegations, the plaintiffs in each action claim that after ordering products on the Company's Vistaprint.com website they were enrolled in certain membership discount programs operated by the Vertrue Defendants and that monthly subscription fees for the programs were subsequently charged directly to the credit or debit cards they used to make purchases on Vistaprint.com, in each case purportedly without their knowledge or authorization. The plaintiffs also claim that the Defendants failed to disclose to them that the credit or debit card information they provided to make purchases on Vistaprint.com would be disclosed to the Vertrue Defendants and would be used to pay for monthly subscriptions for the membership discount programs. The plaintiffs have requested that the Defendants be enjoined from engaging in the practices complained of by the plaintiffs. They also are seeking an unspecified amount of damages, including statutory and punitive damages, as well as pre-judgment and post-judgment interest and attorneys' fees and costs for the purported class.

In response to opposing motions filed by the plaintiffs and the Defendants, on December 11, 2008, the Judicial Panel on Multidistrict Litigation ordered the transfer of all of the outstanding cases to the United States District Court for the Southern District of Texas for coordinated pretrial proceedings. As a result of the ruling of the Judicial Panel on Multidistrict Litigation, on March 2, 2009 four of the existing plaintiffs filed a Consolidated Complaint with the United States District Court for the Southern District of Texas. On April 17, 2009, Vistaprint USA, Incorporated filed a Motion to Dismiss the Consolidated Complaint.

On August 31, 2009, the United States District Court for the Southern District of Texas dismissed all of the claims against the Defendants and ruled on substantive grounds that the Defendants had not violated any of the statutes or common law claims cited by the plaintiffs. In September 2009, the plaintiffs filed an appeal with the Fifth Circuit Court of Appeals in Texas. The Company cannot express an opinion as to the likely outcome of the appeal.

On June 26, 2009, Vistaprint Limited, the Company's wholly owned subsidiary, and Vistaprint USA, Incorporated, a wholly owned subsidiary of Vistaprint Limited, together with sixteen other companies unaffiliated with Vistaprint Limited or Vistaprint USA, Incorporated, 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. The complaint alleges that the named defendants are infringing U.S. Patents 5,715,314, 5,909,492 and 7,272,639. Two of the asserted patents relate generally to network-based sales systems employing a customer computer, a shopping cart computer and a shopping cart database. The third patent relates generally to the use of session identifiers in connection with requests transmitted through a network between a client and a server. The plaintiff is seeking declarations that the patents at issue are valid and enforceable and that the defendants infringe the patents, as well as the entry of a preliminary and permanent injunction and damages. This lawsuit is in its earliest stages, and the Company is unable to express an opinion as to its likely outcome.

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. This lawsuit is in its earliest stages, and the Company is unable to express an opinion as to its likely outcome.

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 results of litigation and claims cannot be predicted with certainty, the Company does not expect resolution of these matters to have a material adverse impact on its consolidated results of operations, cash flows or financial position. However, an unfavorable resolution of such a proceeding could, depending on its amount and timing, materially affect the Company's results of operations, cash flows or financial position in a future period. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense costs, diversion of management resources and other factors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. The statements contained in this Quarterly Report on Form 10-Q 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. Without limiting the foregoing, the words "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "target," "seek" and similar expressions are intended to identify forward-looking statements. All forward-looking statements included in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 nine months ended March 31, 2010, we reported 30% and 33% revenue growth over the same periods in 2009 to revenue of $166.0 million and $505.7 million, respectively. Diluted earnings per share ("EPS") grew 6% and 35% for the three and nine months ended March 31, 2010 over the same period in 2009 to EPS of $0.35 and $1.24, respectively.

Our long-term goal is to continue to grow profitably and become the leading online provider of small business marketing solutions. We believe that the strength of our solution gives us the opportunity not only to capture an increasing share of the existing needs in our targeted markets, but also to address marketing services demand by making available to our customers cost-effective solutions to grow their businesses. In order to accomplish this objective, we intend to execute on the following:

Provide "All Things Marketing" for Small Businesses

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 the first nine months of fiscal year 2010, we added personalized notebooks, mugs, on-line search profiles, new business card options, ladies' t-shirts, personalized credit cards and other offerings. We also acquired Soft Sight to support future entry into the custom embroidered product market. 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 support and design services, and our value proposition, we seek to increase the number of products purchased by each customer.

Expand Geographic Reach

For the three and nine months ended March 31, 2010, revenue generated from non-United States websites accounted for approximately 45% and 46% of our total revenue. We believe that we have significant opportunity to expand our revenue both in the countries we currently service and in additional countries worldwide. We opened a European marketing office in Barcelona, Spain in January 2007 to focus on the implementation of our European growth initiatives. We currently serve Australia, New Zealand and Japan from our North American and European locations, but have begun construction of a production facility near Melbourne, Australia and have announced plans to open a marketing office in Sydney, Australia. We expect to be fully operational in Australia in the first quarter of fiscal 2011. We also intend to continue geographic expansion of our marketing efforts and customer service capabilities and have opened two new customer support and design centers that support European customers (one in Tunis, Tunisia, and the other in Berlin, Germany). In addition, we intend to further extend our geographic and international scope by continuing to introduce localized websites in different countries and languages and by offering graphic design content specific to local markets.

Home & Family

Although we expect to maintain our primary focus on the small business market, we believe that our customer support, sales and design services, and low production costs are differentiating factors that make purchasing from us an attractive alternative for individual consumers. We intend to add new products and services targeted at the consumer market, and we believe that the economies of scale provided by our large production order volumes and integrated design and production facilities will enable us to profitably grow our consumer business. During the first nine months of fiscal year 2010, we added personalized notebooks, mugs, photo flip books, photo books, consumer websites and luggage tags to our list of offerings that appeal to consumers.

Recent Developments

On August 31, 2009, we effected the Change of Domicile, pursuant to which we effectively moved the place of incorporation of the publicly traded parent entity of the Vistaprint group of companies from Bermuda to the Netherlands. Pursuant to the Change of Domicile, the common shareholders of Vistaprint Limited became ordinary shareholders of Vistaprint N.V., Vistaprint Limited became a wholly owned subsidiary of Vistaprint N.V, and Vistaprint N.V. assumed Vistaprint Limited's existing obligations in connection with awards granted under Vistaprint Limited's incentive plans and other similar employee awards.

On July 1, 2009, Robert Keane, our chief executive officer, relocated to a new office in Paris, France, which operates as Vistaprint SARL. Other activities that are or are planned to be located in our Paris headquarters include corporate strategy, talent development and corporate communications.

The Change of Domicile and the establishment of our Paris headquarters did not have and are not anticipated to have a material impact on how we conduct our day-to-day operations, consolidated effective tax rate or our financial position, results of operations or cash flows.

A foundation, Stichting Continuïteit Vistaprint (the "Foundation"), was established whose board consists of three members, at least two of whom are independent of the Vistaprint group of companies (the "Company"). The purpose of the Foundation is to safeguard the interests of the Company and its stakeholders and to assist in maintaining the Company's continuity and independence. On November 16, 2009, we entered into a Call Option Agreement with the Foundation pursuant to which the Foundation may acquire a number of our preferred shares up to a maximum of the total number of our ordinary shares then outstanding at an exercise price of €0.01 per share. The call option held by the Foundation is designed to provide a protective measure against unsolicited take-over bids for Vistaprint or other hostile threats through the issuance of preferred shares to the Foundation that would give the Foundation voting and dispositive power over up to 50% of our outstanding securities.

On December 30, 2009, we acquired 100% of the outstanding equity of Soft Sight, a privately-held developer of embroidery digitization software based in the United States, for $6.5 million in cash. Soft Sight's proprietary software enables a customer's uploaded artwork to be automatically converted into embroidery stitch patterns for subsequent manufacturing. We plan to launch the new embroidered products to our customer base in the first half of fiscal 2011, and expect no revenue from embroidered products before then.

As part of the quarterly financial reporting process for the second fiscal quarter ended December 31, 2009, we became aware that the widely used third-party software application we used to calculate share-based compensation costs contained computational errors that affected the timing of expense recognition. These errors were corrected in the most current software version that we had not implemented during the affected periods. Specifically, the software incorrectly applied a weighted average forfeiture rate to the vested portion of stock option and restricted share awards until the grant's final vest date, rather than reflecting actual forfeitures as awards vest, resulting in a cumulative understatement of share-based compensation expense and additional paid in capital in prior years of $1.3 million. In accordance with SEC Staff Accounting Bulletin ("SAB") No. 99, *Materiality*, and SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, we assessed the materiality of this error on our financial statements for the fiscal years ending prior to and including June 30, 2009, using both the roll-over and iron-curtain method as defined in SAB No. 108. We concluded that the effect of this cumulative error was not material to our interim or annual financial statements for any prior period and, as such, those financial statements are not materially misstated. We also concluded that providing for the correction of the error in the second quarter of the current fiscal year would not have a material effect on our annual financial statements for the year ending June 30, 2010. Accordingly, we recorded a charge to share-based compensation and additional paid in capital of $1.3 million to correct the error in the second fiscal quarter, which is included in the nine months ended March 31, 2010. As share-based compensation is a non-cash item there was no impact on net cash provided by operations. We have since implemented the most current software version and the computational errors have therefore been rectified.

Results of Operations

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Nine Months Ended March 31, 2010	Nine Months Ended March 31, 2009
Consolidated Statement of Operations Data:				
As a percentage of revenue:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	35.9%	36.5%	35.7%	37.3%
Technology and development expense	11.8%	12.3%	11.4%	11.8%
Marketing and selling expense	32.9%	31.1%	31.9%	30.8%
General and administrative expense	8.7%	7.6%	8.6%	7.9%
Income from operations	10.7%	12.5%	12.4%	12.2%
Interest income	0.1%	0.2%	0.1%	0.4%
Other expense, net	0.0%	0.3%	0.1%	0.4%
Interest expense	0.1%	0.2%	0.1%	0.3%
Income before income taxes	10.7%	12.2%	12.3%	11.9%
Income tax provision	1.0%	1.1%	1.2%	1.1%
Net income	9.7%	11.1%	11.1%	10.8%

Comparison of the Three and Nine Month Periods Ended March 31, 2010 and 2009

In thousands	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	2010-2009 % Change	Nine Months Ended March 31, 2010	Nine Months Ended March 31, 2009	2010-2009 % Change
Revenue	$ 166,029	$ 127,523	30%	$ 505,732	$ 380,658	33%
Cost of revenue	$ 59,659	$ 46,583	28%	$ 180,400	$ 142,119	27%
% of revenue	*35.9%*	*36.5%*		*35.7%*	*37.3%*	

Revenue. We generate revenue primarily from the sale and shipment of customized manufactured products, as well as certain digital services, such as website design and hosting and email marketing services. We also generate revenue from order referral fees, revenue share and other fees paid to us by merchants for customer click-throughs, distribution of third-party promotional materials and referrals arising from products and services of the merchants we offer to our customers on our website. Unlike products that we manufacture ourselves, these third-party referral offerings do not require physical production by us and have minimal corresponding direct cost of revenue. 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, Vertrue, Inc. We expect that referral fee revenue from all sources will account for approximately 2% of our total revenues in fiscal year 2010. We did not generate any revenues from third party membership discount programs in the third fiscal quarter of 2010 and do not expect to generate any such revenues in the future.

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 their 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 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 total 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 March 31, 2010 increased 30% to $166.0 million from the three months ended March 31, 2009, due to increases in sales across our product and service offerings, as well as across all geographies. The overall growth during this period was driven by increases in website sessions, which grew by 24% to 81.9 million, and increases in average order value, which grew by 12% to $34.79. The weaker U.S. dollar positively impacted our revenue growth by an estimated 500 basis points as compared to the three months ended March 31, 2009. Revenue from our non-United States websites accounted for 45% of total revenues for the three months ended March 31, 2010 as compared to 38% of total revenues for the three months ended March 31, 2009. These increases were partially offset by a decline in conversion rates of 10 basis points to 5.9% and a decrease in revenue from third-party referral fees which declined from approximately $6.7 million to $1.8 million over the same prior year period. Referral fee revenue from membership discount programs was approximately 3.9% of total revenues in the same prior year period, but declined to zero for the three months ended March 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.

As our total customer base has grown, we also have continued to experience growth in purchases from existing customers. Bookings from repeat customers accounted for 67% of total bookings for the three months ended March 31, 2010 as compared to 66% of total bookings for the three months ended March 31, 2009.

Total revenue for the nine months ended March 31, 2010 increased 33% to $505.7 million from the nine months ended March 31, 2009, due to increases in sales across our product and service offerings, as well as across all geographies. Revenue in each nine month period included a favorable seasonal impact from increased holiday product sales during our fiscal second quarter. The overall growth during this period was driven by increases in website sessions, which grew by 31% to 227.4 million, and increases in average order value, which grew by 14% to $35.30. The weaker U.S. dollar positively impacted our revenue growth by an estimated 300 basis points as compared to the nine months ended March 31, 2009. Revenue from our non-United States websites accounted for 46% of total revenues for the nine months ended March 31, 2010 as compared to 39% of total revenues for the nine months ended March 31, 2009. These increases were partially offset by a 10 basis point decrease in conversion rates to 6.3%. Additionally, our revenue from third-party referral fees decreased from $20.1 million to $10.7 million over the same prior year period. Referral fee revenue from membership discount programs for the nine months ended March 31, 2010 and 2009 was approximately 1.0% and 4.2% of our total revenues, respectively.

Bookings from repeat customers remained consistent at 66% of total bookings for each of the nine months ended March 31, 2010 and 2009.

Cost of revenue

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production personnel, depreciation of equipment used in the production process and in support of digital service offerings, shipping and postage costs, and other miscellaneous related costs of products sold by us.

The decrease in cost of revenue as a percentage of revenue for the three and nine months ended March 31, 2010 compared to the same period in 2009 was primarily attributable to reductions in shipping costs, improved pricing agreements in relation to purchases of materials, productivity improvements at our manufacturing locations, and shifts in product mix, including an increase in sales of digital services. These improvements were partially offset by a decrease in referral revenue and a strengthening of the Canadian dollar, which negatively impacted the raw material and labor costs of our Canadian production operations. The nine months ended March 31, 2010 also included $0.1 million related to the cumulative adjustment for share-based payment costs described in "Recent Developments" above.

In thousands	Three Months Ended March 31, 2010	2009	2010-2009 % Change	Nine Months Ended March 31, 2010	2009	2010-2009 % Change
Technology and development expense	$ 19,601	$ 15,646	25%	$ 57,770	$ 44,700	29%
% of revenue	*11.8%*	*12.3%*		*11.4%*	*11.8%*	
Marketing and selling expense	$ 54,530	$ 39,644	38%	$ 161,076	$ 117,128	38%
% of revenue	*32.9%*	*31.1%*		*31.9%*	*30.8%*	
General and administrative expense	$ 14,427	$ 9,664	49%	$ 43,543	$ 30,240	44%
% of revenue	*8.7%*	*7.6%*		*8.6%*	*7.9%*	

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, website hosting, equipment depreciation, patent amortization and miscellaneous technology infrastructure-related costs. However, depreciation expense for information technology equipment that directly supports the delivery of our digital services products is not included in this category as this depreciation expense is included in cost of revenue.

The increase in our technology and development expenses of $4.0 million for the three months ended March 31, 2010 as compared to the same period in 2009 was primarily due to increased payroll and benefit costs of $2.5 million associated with increased employee hiring in our technology development and information technology support organizations. The increase in our technology and development expenses of $13.1 million for the nine months ended March 31, 2010 as compared to the same period in 2009 was primarily due to increased payroll and benefit costs of $8.3 million associated with increased employee hiring in our technology development and information technology support organizations. The nine month period ended March 31, 2010 also included $0.4 million related to the cumulative adjustment for share-based payment costs described in “Recent Developments” above. At March 31, 2010, we employed 356 employees in these organizations compared to 300 employees at March 31, 2009. In addition, to support our continued revenue growth during this period, we continued to invest in our website infrastructure, which resulted in increased depreciation and hosting services expense of $0.5 million and increased other expenses of $0.4 million for the three months ended March 31, 2010 as compared to the same period in 2009. For the nine months ended March 31, 2010, depreciation and hosting services expense increased $1.8 million and other expenses increased $1.2 million as compared to the same period in 2009. The nine month period ended March 31, 2010 included $0.9 million of expense related to the abandonment of certain acquired intangibles recorded in the Soft Sight acquisition that were measured at fair value based on the perspective of a market participant, but we determined not to have an economic use for Vistaprint and were abandoned.

Marketing and selling expense

Marketing and selling expense consists primarily of advertising and promotional costs; payroll and related expenses for our employees engaged in sales, marketing, customer support and public relations activities; and third party payment processor and credit card fees.

The increase in our marketing and selling expenses of $14.9 million for the three months ended March 31, 2010 as compared to the same period in 2009 was driven primarily by increases of $8.8 million in advertising costs and commissions related to new customer acquisition and costs of promotions targeted at our existing customer base, increases in payroll and benefits related costs of $3.2 million, and a non-recurring charge of $1.5 million related to indirect taxes. The increase in our marketing and selling expenses of $43.9 million for the nine months ended March 31, 2010 as compared to the same period in 2009 was driven primarily by increases of $29.1 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 and benefits related costs of $9.7 million. During this period, we continued to expand our marketing organization and our design, sales and services centers. At March 31, 2010, we employed 835 employees in these organizations compared to 634 employees at March 31, 2009. In addition, payment processing fees paid to third-parties increased by $0.8 million and $2.2 million, during the three and nine months ended March 31, 2010, respectively, as compared to the same periods in 2009 due to increased order volumes. The nine month period ended March 31, 2010 also included $0.4 million related to the cumulative adjustment for share-based payment costs described in “Recent Developments” above.

General and administrative expense

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

The increase in our general and administrative expenses of $4.8 million for the three months ended March 31, 2010 as compared to the same period in 2009 was primarily due to increased payroll and benefit costs of $2.4 million resulting from the continued growth of our executive management, finance, legal and human resource organizations, and increased third-party professional fees of

$1.6 million related to ongoing litigation, and other general and administrative activities including recruitment. The increase in our general and administrative expenses of $13.3 million for the nine months ended March 31, 2010 as compared to the same period in 2009 was primarily due to increased payroll and benefit costs of $5.8 million resulting from the continued growth of our executive management, finance and human resource organizations, and increased third-party professional fees of $5.2 million related to ongoing litigation, the execution of our change of domicile to the Netherlands, and other general and administrative activities. The nine month period ended March 31, 2010 also included $0.4 million related to the cumulative adjustment for share-based payment costs described in "Recent Developments" above. At March 31, 2010, we employed 185 employees in these organizations compared to 137 employees at March 31, 2009.

Interest income

Interest income, which consists of interest income earned on cash and cash equivalents and investments, decreased $0.2 million to $0.1 million for the three months ended March 31, 2010 from $0.3 million generated in the same period in 2009. Interest income decreased $1.2 million to $0.3 million for the nine months ended March 31, 2010 from $1.5 million generated in the same period in 2009. The decrease was primarily due to lower interest rate yields despite increased cash and investments balances.

Other expense, net

Other expense, net, which primarily consists of gains and losses from currency exchange transactions or revaluation, decreased to $0.0 million for the three months ended March 31, 2010 as compared to $0.4 million for the same period in 2009. Other expense, net, decreased to $0.6 million for the nine months ended March 31, 2010 as compared to $1.8 million for the same period in 2009. 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 other related fees paid to financial institutions on outstanding balances on our credit facilities, decreased to $0.1 million for the three months ended March 31, 2010 as compared to $0.3 million for the same period in 2009. Interest expense decreased to $0.7 million for the nine months ended March 31, 2010 as compared to $1.1 million for the same period in 2009. As a result of the early repayment of $5.9 million of our euro revolving credit agreement, we incurred $0.1 million in prepayment penalties for the nine months ended March 31, 2010. We expect that interest expense will continue to decline in future periods as compared to the nine months ended March 31, 2010 as a result of our early repayment of debt and the final payment in November 2009 of our original Canadian credit facility.

Income tax provision

In thousands	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Nine Months Ended March 31, 2010	Nine Months Ended March 31, 2009
Income taxes:				
Income tax provision	$ 1,621	$ 1,340	$ 5,861	$ 4,195
Effective tax rate	*9.1%*	*8.6%*	*9.5%*	*9.3%*

Income tax expense increased to $1.6 million for the three months ended March 31, 2010 as compared to $1.3 million for the same period in 2009. Income tax expense increased to $5.9 million for the nine months ended March 31, 2010 as compared to $4.2 million for the same period in 2009. The increase in the effective tax rate for the three months ended March 31, 2010 as compared to the same period in 2009 is primarily attributable to the expiration of the U.S. federal research and development tax credit offset by benefit associated with geographic earnings mix.

Liquidity and Capital Resources

Selected Consolidated Statements of Cash Flows Data:

	Nine Months Ended March 31, 2010	Nine Months Ended March 31, 2009
Capital expenditures	$ (73,828)	$ (59,575)
Software and website development costs	(4,804)	(5,319)
Soft Sight acquisition, net of cash acquired	(6,496)	—
Depreciation and amortization	32,702	25,991

	Nine Months Ended March 31,	
	2010	2009
Cash flows provided by operating activities	123,170	92,252
Cash flows used in investing activities	(94,655)	(45,935)
Cash flows provided by (used in) financing activities	404	(40,608)

At March 31, 2010, we had $162.6 million of cash and cash equivalents primarily consisting of money market funds and $9.7 million of marketable securities with maturities less than one year consisting of corporate debt securities, U.S. government and agency securities and certificates of deposit. During the three and nine months ended March 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, debt and capital expenditure requirements for the foreseeable future.

Operating Activities. Cash provided by operating activities in the nine months ended March 31, 2010 was $123.2 million and consisted of net income of $56.1 million, positive adjustments for non-cash items of $45.8 million and $21.3 million provided by working capital and other activities. Adjustments for non-cash items included $32.7 million of depreciation and amortization expense on property and equipment, and software and website development costs, $16.9 million of share-based compensation expense, and $0.9 million for the write-off of acquired intangible assets, offset in part by $4.9 million of tax benefits derived from share-based compensation awards. The change in working capital and other activities excluding the impact of an acquisition primarily consisted of an increase of $20.0 million in accrued expenses and other liabilities, an increase of $6.0 million in accounts payable, and a decrease in prepaid expenses and other assets of $1.5 million, offset by an increase in accounts receivable of $4.6 million and an increase in inventory of $1.7 million. The increase in accrued expenses and other liabilities is driven primarily by increases in accrued payroll and benefit costs of $6.8 million, increases in tax liabilities including value-added and other indirect taxes of $6.0 million related to tax to be remitted on sales, increases in accrued marketing expenses of $3.0 million and increases in accrued shipping costs of $2.0 million.

Cash provided by operating activities in the nine months ended March 31, 2009 was $92.3 million and consisted of net income of $41.0 million, net positive adjustments for non-cash items of $37.8 million and $13.5 million provided by working capital and other activities. Adjustments for non-cash items included $26.0 million of depreciation and amortization expense, $14.9 million of share-based compensation expense and $1.3 million of long-lived assets written off, offset in part by $4.4 million of tax benefits derived from share-based compensation awards. The change in working capital and other activities primarily consisted of an increase of $14.6 million in accrued expenses and other current liabilities, an increase of $2.9 million in accounts payable offset by a decrease of $1.8 million in accounts receivable, an increase of $1.5 million in prepaid expenses and other assets and an increase in inventory of $0.8 million.

Investing Activities. Cash used in investing activities in the nine months ended March 31, 2010 of $94.7 million consisted primarily of capital expenditures of $73.8 million, purchases of marketable securities of $9.8 million, the purchase of Soft Sight, net of cash acquired, of $6.5 million, capitalized software and website development costs of $4.8 million, partially offset by proceeds from sales of equipment and maturities of marketable securities totaling $0.3 million. Capital expenditures of $43.7 million were related to the purchase of land and facilities, $19.3 million were related to the purchase of manufacturing and automation equipment for our production facilities, and $10.8 million were related to purchases of other assets including information technology infrastructure and office equipment.

Cash used in investing activities in the nine months ended March 31, 2009 of $45.9 million was attributable primarily to capital expenditures of $59.6 million and capitalized software and website development costs of $5.3 million, partially offset by net sales of marketable securities of $19.0 million. Capital expenditures of $22.8 million were related to the purchase of equipment for our production facilities, $28.7 million were related to construction and land acquisition costs at our production facilities and $8.1 million were related to purchases of information technology and facility related assets.

Financing Activities. Cash provided by financing activities in the nine months ended March 31, 2010 of $0.4 million was primarily attributable to the issuance of ordinary shares pursuant to share option exercises of $13.4 million and tax benefits derived from share-based compensation awards of $4.9 million. This was offset by payments in connection with our loan facilities of $13.5 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 $4.4 million to pay minimum withholding taxes related to the vesting of restricted share units ("RSUs") granted and ordinary shares withheld under our equity incentive plans.

Cash used in financing activities in the nine months ended March 31, 2009 of $40.6 million was primarily attributable to the repurchase of 2,554,302 common shares for $45.5 million, payments in connection with our bank loans of $2.4 million and the use of $1.8 million to pay minimum withholding taxes related to the vesting of RSUs granted and common shares withheld under our equity incentive plans, partially offset by the issuance of common shares pursuant to share option exercises of $4.8 million and $4.4 million of tax benefits derived from share-based compensation awards. Effective November 9, 2008, Vistaprint's shareholders approved our ability to hold treasury shares. The repurchases of shares made by us prior to November 9, 2008 are treated as retired shares and repurchases after this date are presented as treasury shares.

Contractual Obligations

Contractual obligations at March 31, 2010 were as follows:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt obligations (excluding interest)	$ 5,556	$ 5,556	$ —	$ —	$ —
Operating lease obligations	46,041	6,591	12,900	12,689	13,861
Total	$ 51,597	$ 12,147	$ 12,900	$ 12,689	$ 13,861

Long-Term Debt. During the nine months ended March 31, 2010, the remaining balance of our euro revolving credit agreement was paid in full. The total payment was $6.1 million, including $0.1 million of interest and pre-payment penalties. Additionally, the final balloon payment on our original credit agreement with Comerica Bank of $6.0 million was paid on November 2, 2009.

In December 2005, we amended our original credit agreement with Comerica Bank – Canada to include an additional $10.0 million equipment term loan. The borrowings have been used to finance printing equipment purchases for the Windsor production facility. The loan is payable in monthly installments beginning December 1, 2006 and continuing through 2010, plus interest, with the remaining balance of $4.7 million to be paid in December 2010. As of March 31, 2010, the interest rates on the various borrowings remaining under the term loan have been fixed over the remaining term of the loan at rates ranging from 7.82% to 8.50% and there was $5.6 million outstanding under this term loan.

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 March 31, 2010, we had unrecorded commitments under contracts to expand our Canadian production facility and construct our Australian production facility of approximately $8.0 million and $6.7 million, respectively, and commitments under contract for site development and construction of our Jamaican customer support and design center of approximately $3.3 million We also had unrecorded commitments under contracts at March 31, 2010 to purchase production equipment for our Australian production facility of approximately $7.5 million.

Recent Accounting Pronouncements

Refer to Note 2 "Summary of Significant Accounting Policies" in the accompanying notes to the condensed consolidated financial statements for a discussion of recent accounting pronouncements.

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 many 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 and 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 that there have been no material changes during the nine months ended March 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 31, 2009. We have added a critical accounting policy regarding business combinations, acquired intangible assets and goodwill as a result of our acquisition of Soft Sight on December 30, 2009.

Business Combinations

We assign the value of the consideration transferred to acquire a business to the tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. We assess the fair value of assets, including intangible assets, using a variety of methods and each asset is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of intangible assets incorporates significant assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's use of the asset and the appropriate discount rates for a market participant. Assets recorded from the perspective of a market participant that are determined to not have economic use for us are expensed immediately. Transaction costs and restructuring costs associated with a transaction to acquire a business are expensed as incurred.

Intangible Assets

We record acquired intangible assets at fair value on the date of acquisition and amortize such assets using the straight-line method over the expected useful life, unless another method is deemed to be more appropriate. We evaluate the remaining useful life of intangible assets on a periodic basis to determine whether events and circumstances warrant a revision to the remaining useful life. If the estimate of an intangible asset's remaining useful life is changed, we amortize the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

Goodwill

The difference between the purchase price and the fair value of assets acquired and liabilities assumed in a business combination is allocated to goodwill. Goodwill will be evaluated for impairment on an annual basis during the fiscal third quarter, or earlier if impairment indicators are present.

Estimates Related to the Soft Sight Acquisition

We assigned the value of the consideration transferred to acquire Soft Sight to the tangible assets and identifiable intangible assets acquired and liabilities assumed, on the basis of their fair values at the date of acquisition. The difference between the purchase price and the fair value of assets acquired and liabilities assumed was allocated to goodwill. This goodwill, totaling $4.2 million, relates to the potential synergies from the integration of the Soft Sight embroidery software capabilities into the Vistaprint product offering. The allocations recorded on our condensed consolidated balance sheet included $2.6 million of intangible assets and a $1.1 million deferred tax liability.

We assessed the fair value of assets, including intangible assets that were principally comprised of developed technology and website infrastructure, using a variety of methods. These methods reflect significant assumptions regarding the estimates a market participant would make in order to evaluate similar assets, including estimates regarding the expected costs to develop such assets in-house and the appropriate discount rates. The estimated fair value ascribed to developed technology and the website infrastructure was based on the estimated cost that a market participant would incur to replace these assets. The risk-adjusted discount rate for each of the acquired intangibles was approximately 19%.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Our exposure to interest rate risk relates primarily to our cash equivalents and marketable securities that at March 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. Our fixed rate interest bearing securities could decline in value if interest rates rise. Due to the nature of our investments, we do not believe we have a material exposure to interest rate risk.

Foreign Currency Exchange Rate Risk. As we conduct business in multiple international 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. Fluctuations in exchange rates can positively or negatively affect our revenue and profits. Our subsidiaries in the Netherlands, Spain, France, Germany and Tunisia have the euro as their functional currency. Our subsidiaries in Switzerland and Australia have the Swiss franc and Australian dollar as their functional currency, respectively. Each of these subsidiaries translates their assets and liabilities 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 on the balance sheet. Transaction gains and losses generated from revenue and operating expenses in currencies other than the functional currency of a subsidiary and remeasurement of assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other expense, net on the statement of income. In addition, 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. Exchange rate fluctuations on short-term intercompany accounts and cash and cash equivalents are also reported in other expense, net on the statement of income. During the nine months ended March 31, 2010, our Canadian subsidiary entered into a series of nine currency forward contracts with the objective of hedging currency exchange risk on forecasted monthly payments for the purchase of a long-lived asset denominated in a currency other than its functional currency.

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 local 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%, or strengthening of the U.S. dollar, would have resulted in a decrease of $1.2 million on our income before taxes for the three months ended March 31, 2010. A similar decrease in exchange rates of 10%, or strengthening of the U.S. dollar, would have resulted in a decrease of $1.3 million on our income before taxes for the three months ended March 31, 2009. These hypothetical 10% changes in U.S. dollar currency exchange rates would have resulted in an immaterial change in the fair value of our currency forward agreements at March 31, 2010.

Currency transaction losses included in other expense, net were $0.0 million and $0.4 million for the three months ended March 31, 2010 and 2009, respectively. Currency transaction losses included in other expense, net were $0.6 million and $1.8 million for the nine months ended March 31, 2010 and 2009, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2010. The term "disclosure controls and procedures," as defined in the SEC's rules, 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 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 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 March 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.

As of July 1, 2009, we implemented certain modules of a new company wide Enterprise Resource Planning system, SAP, that provides an integrated solution for transaction processing, consolidation, and reporting. No other change in our internal control over financial reporting (as defined in the SEC's rules) occurred during the nine months ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On July 27, 2006, Vistaprint Technologies Limited, an indirect wholly owned subsidiary of Vistaprint N.V., filed a patent infringement lawsuit against print24 GmbH, unitedprint.com AG and their two managing directors in the District Court in Düsseldorf Germany, alleging infringement by the defendants in Germany of one of Vistaprint Technologies Limited's European patents related to computer-implemented methods and apparatus for generating pre-press graphic files. On June 7, 2007, unitedprint.com AG filed a patent nullification action in the German Patent Court in relation to the same European patent at issue in Vistaprint Technologies Limited's infringement lawsuit against print24 and its co-defendants. On July 31, 2007, the District Court in Düsseldorf ruled in Vistaprint Technologies Limited's favor on the underlying infringement claim against print24 and its co-defendants, granting all elements of the requested injunction and ordering the defendants to pay damages for past infringement. The Düsseldorf District Court's ruling went into effect in early September 2007 and was not appealed by the defendants. On November 13, 2008, the German Patent Court held an oral hearing on the patent nullification action brought by unitedprint.com and revoked the patent at issue. The Patent Court issued a written opinion stating the basis for its ruling on March 24, 2009, and on April 22, 2009, Vistaprint Technologies Limited filed a notice of appeal of the Patent Court's ruling with the German Federal Supreme Court. We are unable to express an opinion as to the likely outcome of such appeal.

On May 14, 2007, Vistaprint Technologies Limited filed a patent infringement lawsuit against 123Print, Inc. and Drawing Board (US), Inc., subsidiaries of Taylor Corporation, in the United States District Court for the District of Minnesota. The complaint in the lawsuit asserts that the defendants have infringed and continue to infringe three U.S. patents owned by Vistaprint Technologies Limited related to browser-based tools for online product design. The complaint seeks an injunction against the defendants and the recovery of damages. The defendants filed their Answer and Counterclaims to the complaint on June 7, 2007, in which they denied the infringement allegations and asserted counterclaims for declaratory judgment of invalidity, unenforceability and non-infringement of the patents-in-suit. In August 2007, another Taylor Corporation subsidiary, Taylor Strategic Accounts, Inc., was added as an additional defendant in the case. The exchange of relevant documents and records and the depositions of fact witnesses in connection with the allegations of the parties have been substantially completed. In early June 2008, newly discovered third party prior art documents were introduced into the litigation. These documents had not been reviewed and considered by the U.S. Patent Office prior to issuance of the patents-in-suit. For that reason, on June 30, 2008, Vistaprint Technologies Limited requested the United States District Court to stay the litigation to provide the U.S. Patent Office an opportunity to reexamine the patents-in-suit in light of these newly discovered documents, and the Court granted Vistaprint Technologies Limited's request for a stay on September 2, 2008. Vistaprint Technologies Limited then submitted a request for reexamination of each of the patents-in-suit to the U.S. Patent Office, which granted the reexamination requests in February 2009. Pursuant to the Court's order, the stay will remain in place pending the resolution of the requests for reexamination. On October 28, 2008, a St. Paul, Minnesota law firm representing Taylor Corporation also filed requests with the U.S. Patent Office seeking reexamination of the three patents-in-suit. These reexamination requests were granted in May and June 2009 and were merged in September 2009 with the reexaminations earlier filed by Vistaprint Technologies Limited. We are unable to express an opinion as to the likely outcome of any such reexamination or of the underlying lawsuit.

On July 29, 2008, a purported class action lawsuit was filed in the United States District Court for the Southern District of Texas (the "Texas Complaint") against Vistaprint Corp., Vistaprint USA, Inc., Vertrue, Inc. and Adaptive Marketing, LLC (collectively, the "Defendants"). Adaptive Marketing, LLC is a Vertrue, Inc. company that provides subscription-based membership discount programs, including programs that are offered on our Vistaprint.com website (Vertrue, Inc. and Adaptive Marketing, LLC are sometimes collectively referred to herein as the "Vertrue Defendants"). The Texas Complaint alleges that the Defendants violated, among other statutes, the Electronic Funds Transfer Act, the Electronic Communications Privacy Act, the Texas Deceptive Trade Practices-Consumer Protection Act and the Texas Theft Liability Act, in connection with certain membership discount programs offered to our customers on our Vistaprint.com website. The Texas Complaint also seeks recovery for unjust enrichment, conversion, and similar common law claims. Subsequent to the filing of the Texas complaint, in July, August and September 2008, several nearly identical purported class action lawsuits were filed in the United States District Court, District of New Jersey, the United States District Court, Southern District of Alabama, the United States District Court, District of Nevada, the United States District Court, District of Massachusetts, and the United States District Court, District of Florida against the same Defendants, and in one case Vistaprint Limited, on behalf of different plaintiffs. The complaints in each of these nearly identical lawsuits include substantially the same purported Federal and common law claims as the Texas Complaint but contain different state law claims. In addition, on August 28, 2008, a purported class action lawsuit asserting substantially the same Federal and common law claims as the Texas Complaint, but containing a state law claim under the Massachusetts Unfair Trade Practices Act, was filed by a different plaintiff in the United States District Court, District of Massachusetts, against Vistaprint Limited, Vistaprint USA, Inc. and the Vertrue Defendants.

Among other allegations, the plaintiffs in each action claim that after ordering products on our Vistaprint.com website they were enrolled in certain membership discount programs operated by the Vertrue Defendants and that monthly subscription fees for the programs were subsequently charged directly to the credit or debit cards they used to make purchases on Vistaprint.com, in each case purportedly without their knowledge or authorization. The plaintiffs also claim that the Defendants failed to disclose to them that the credit or debit card information they provided to make purchases on Vistaprint.com would be disclosed to the Vertrue Defendants and would be used to pay for monthly subscriptions for the membership discount programs. The plaintiffs have requested that the Defendants be enjoined from engaging in the practices complained of by the plaintiffs. They also are seeking an unspecified amount of damages, including statutory and punitive damages, as well as pre-judgment and post-judgment interest and attorneys' fees and costs for the purported class.

In response to opposing motions filed by the plaintiffs and the Defendants, on December 11, 2008, the Judicial Panel on Multidistrict Litigation ordered the transfer of all of the outstanding cases to the United States District Court for the Southern District of Texas for coordinated pretrial proceedings. As a result of the ruling of the Judicial Panel on Multidistrict Litigation, on March 2, 2009 four of the existing plaintiffs filed a Consolidated Complaint with the United States District Court for the Southern District of Texas. On April 17, 2009, Vistaprint USA, Incorporated filed a Motion to Dismiss the Consolidated Complaint.

On August 31, 2009, the United States District Court for the Southern District of Texas dismissed all of the claims against the Defendants and ruled on substantive grounds that the Defendants had not violated any of the statutes or common law claims cited by the plaintiffs. In September 2009, the plaintiffs filed an appeal with the Fifth Circuit Court of Appeals in Texas. We cannot express an opinion as to the likely outcome of the appeal.

On June 26, 2009, Vistaprint Limited, our wholly owned subsidiary, and Vistaprint USA, Incorporated, a wholly owned subsidiary of Vistaprint Limited, together with sixteen other companies unaffiliated with Vistaprint Limited or Vistaprint USA, Incorporated, 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. The complaint alleges that the named defendants are infringing U.S. Patents 5,715,314, 5,909,492 and 7,272,639. Two of the asserted patents relate generally to network-based sales systems employing a customer computer, a shopping cart computer and a shopping cart database. The third patent relates generally to the use of session identifiers in connection with requests transmitted through a network between a client and a server. The plaintiff is seeking declarations that the patents at issue are valid and enforceable and that the defendants infringe the patents, as well as the entry of a preliminary and permanent injunction and damages. This lawsuit is in its earliest stages, and we are unable to express an opinion as to its likely outcome.

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. This lawsuit is in its earliest stages, and we are unable to express an opinion as to its likely outcome.

We are not currently party to any other material legal proceedings. We are involved, from time to time, in various legal proceedings arising from the normal course of business activities. Although the results of litigation and claims cannot be predicted with certainty, we do not expect resolution of these matters to have a material adverse impact on our consolidated results of operations, cash flows or financial position. However, an unfavorable resolution of such a proceeding could, depending on its amount and timing, materially affect our results of operations, cash flows or financial position in a future period. Regardless of the outcome, litigation can have an adverse impact on us because of defense costs, diversion of management resources and other factors.

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 Quarterly Report on Form 10-Q 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, and direct mail. We pay providers of online services, search engines, directories and other websites and e-commerce businesses to provide content, advertising banners and other links that direct customers to our websites. We also promote our products and special offers through e-mail, telesales and direct mail, targeted to repeat and potential customers. In addition, we rely heavily upon word of mouth customer referrals. If we are unable to develop or maintain an effective means of reaching small businesses and consumers, the costs of attracting customers using these methods significantly increase, or 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 small 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 small business marketing products and services is less developed than the online market for other business and consumer 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.

Since our products and services are sold primarily through our websites, the success of our business depends upon our ability to attract new and repeat customers to our websites in order to increase business and grow our revenues. For this reason, a primary component of our business strategy is the continued promotion and strengthening of the Vistaprint brand. 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 small 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, and the perceived value of, our brand will 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 expense 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, which we believe can be achieved 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 and technology, graphic design operations, production operations, and customer service operations. We also redesign our websites from time to time to attract customers. 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 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, many of which are outside of our control. Factors that could cause our quarterly revenue and operating results to fluctuate include, among others:

- seasonality-driven or other variations in the demand for our services and products;
- currency fluctuations, which affect our revenues and our 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 lower gross margin products;
- investment decisions by management made in relation to our performance against targeted earnings per share levels;
- our ability to manage our production and fulfillment operations;
- costs to produce our products and to provide our services;
- our pricing and marketing strategies and those of our competitors;
- improvements to the quality, cost and convenience of desktop printing;
- costs of expanding or enhancing our technology or websites;
- compensation expense and charges related to our awarding of share-based compensation; and
- costs and charges resulting from litigation.

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. 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. It is possible that in one or more future quarters, our operating results may be below the expectations of public market analysts and investors. In that event, the price of our ordinary shares will likely fall.

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

Our business has become increasingly seasonal in recent years due to increased sales of products targeted to the consumer marketplace, such as holiday cards, calendars and personalized gifts. Our second fiscal quarter, ending December 31, includes the majority of the holiday shopping season in North America and Europe and has become our strongest quarter for sales of our consumer-oriented products. In the fiscal year ended June 30, 2009, 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 expect to incur significant additional expenses each year in the period leading up to and including that quarter, including expenses related to the hiring and training of temporary workers to meet our seasonal needs, additional inventory and equipment purchases, and increased marketing activities. If we experience lower than expected sales during the second quarter, it would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In the future, our seasonal sales patterns may become more pronounced or may change to the extent we introduce additional products and services targeted to the consumer marketplace, including products and services that may be unrelated to the second quarter holiday period. If we are unable to accurately forecast and respond to seasonality in our business caused by demand for our consumer-oriented products, 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 United States dollar, our reporting currency. We therefore have currency exchange risk.

We have substantial revenues and operations transacted in currencies other than our reporting currency. As a result, 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 our international operations, our exposure to currency exchange rate fluctuations has increased. Our revenue and results of operations may differ materially from expectations as a result of currency exchange rate fluctuations.

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 at our facilities in Windsor, Ontario, Canada and Venlo, the Netherlands. 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 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, 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, 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. In the past, we have experienced delays in website releases and customer dissatisfaction during the period required to correct errors and design faults in our websites that caused us to lose revenue. In the future, we may encounter additional issues, such as scalability limitations, in current or future technology releases.

- 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. We do carry business interruption insurance to compensate us for losses that may occur if operations at our facilities are interrupted, but 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 consumer 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 consumer 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, existing customer and supplier relationships, and 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 seek to develop new 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.

Our 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.

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, Microsoft and Yahoo! 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. 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. European courts have, in certain cases, upheld the rights of trademark owners to prevent such practices in certain European jurisdictions. However, U.S. courts generally have not sided with the trademark owners in cases involving U.S. search engines, and Google has refused to prevent companies from purchasing the trademark "Vistaprint" in the U.S. 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 U.S. 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.

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.

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 would have an adverse effect on our business and results of operations.

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 small business owners and consumers to our websites and encourage them to purchase our products and services. We believe we will 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. We also intend to continue the geographic expansion of our marketing efforts and customer service operations and the introduction of localized websites in different countries and languages. In addition, we intend to develop new strategic relationships to expand our marketing and sales channels, such as co-branded or strategic partner-branded websites and retail in-store offerings. Any failure to develop new products and services, expand our business beyond our existing target markets and customers, and address additional market opportunities could harm our business, financial condition 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 including, in particular, Robert S. Keane, our President and Chief Executive Officer, Wendy Cebula, our President of Vistaprint North America, Michael Giannetto, our Chief Financial Officer and Janet Holian, our President of Vistaprint Europe. Any of these executives may cease their employment with us at any time with minimal advance notice. The loss of one or more of these or other 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.

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.

We have rapidly grown to approximately 2,200 full-time employees and approximately 210 temporary employees as of March 31, 2010 and have production facilities or offices in Australia, Bermuda, Canada, France, Germany, Jamaica, the Netherlands, Spain, Switzerland, Tunisia and the United States. 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 Bermuda, Canada, France, Germany, Jamaica, the Netherlands, Spain, Switzerland, Tunisia and the United States and have commenced construction of our production facility in Australia. We have localized websites to serve many markets internationally. For the three and nine months ended March 31, 2010, we derived 45% and 46%, respectively, of our revenue from our non-United States websites. 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;
- 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.

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 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. The recent turmoil in the world's financial markets materially and adversely impacted the availability of financing to a wide variety of businesses, including small 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.

For the three and nine months ended March 31, 2010, we derived 55% and 54%, 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. Restrictions on shipping goods into the United States from Canada pose a substantial risk to our business. Particularly since the terrorist attacks on September 11, 2001, the United States government has substantially increased border surveillance and controls. We have from time to time experienced significant delays in shipping our manufactured products into the United States as a result of these controls, which has, in some instances, resulted in delayed delivery of orders.

The United States also imposes protectionist measures, such as customs duties and tariffs, that limit free trade. Some of these measures 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. If the United States were to 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, we may have greater difficulty shipping products into the United States or be foreclosed from doing so, experience shipping delays, or incur increased costs and expenses, all of which would substantially impair our ability to serve the United States market and harm our business and results of operations.

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 March 31, 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, there could be infringement, invalidity, co-inventorship or similar claims brought by third parties with respect to any of our currently issued patents or any patents that may be issued to us in the future. For example, administrative opposition proceedings asking the European Patent Office to reconsider the allowance of one of our European patents relating to certain downloadable document design programs and methods were filed in 2005. At a hearing held in April 2008, an opposition panel of the European Patent Office indicated its intention to revoke the patent at issue, and in June 2009, the panel issued a written opinion stating the basis for its decision. Vistaprint has appealed the decision. Any similar claims, whether or not successful, could be extremely costly, could 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 the United States, the European Union, Canada, Japan and various other jurisdictions. 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, such as Microsoft Corporation's decision to name one of its operating systems "Vista." 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.

You can find information about certain lawsuits that we have filed to enforce or protect our intellectual property rights and that have been filed against us for alleged infringement of other parties’ intellectual property rights in the section of this Report entitled, “Item 1 – Legal Proceedings.”

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 purchases.

In many jurisdictions where we sell products and services, we do not collect or have imposed upon us sales tax, value added tax or other taxes related to our revenues. However, additional countries, regions or states where we are not currently collecting such taxes may seek to impose sales or other tax collection obligations on us in the future. For example, the United States Congress and a number of states in the United States have been considering or have adopted laws or initiatives that would impose sales and use taxes on Internet sales. In addition, a substantial amount of our business is derived from customers in the European Union, whose tax environment is also complex and subject to changes that could be adverse to our business. 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. In addition, a successful assertion by one or more governments, especially in jurisdictions where we are not already collecting sales taxes or value added taxes, that we should be, or should have been, collecting sales or other 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 substantially harm our business and results of operations.

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

Due to our dependence on the Internet for most of our sales, regulations and laws specifically governing the Internet and e-commerce may have a greater impact on our operations than other more traditional businesses. Existing and future laws and regulations, including the taxation of sales through the Internet, 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 (as discussed above), restrictions on imports and exports, customs, tariffs, user privacy, data protection, 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.

We expect that revenues we derive from third party referral programs will decrease in the future due to our termination of membership discount program offerings, which could adversely affect our results of operations.

For the three and nine months ended March 31, 2010 we derived approximately 1.1% and 2.1% of our total revenues from referral fees generated from all sources, as compared to 5.3% for both the three and nine months ended March 31, 2009. For the three and nine months ended March 31, 2010, 0.0% and 1.0%, respectively, of total Vistaprint revenue was derived from third party membership discount programs as compared to 3.9% and 4.2% in the same prior year periods. We removed the membership discount program offerings from our websites in November 2009 and terminated our relationship with the third party merchant responsible for these programs. We expect that referral fee revenue from all sources will account for about 2% of our total revenue for fiscal year

2010. However, longer-term, referral fees could generate more or less of our total revenues due to a variety of factors, including, among others, new product and service offering decisions. We expect to partially offset the anticipated reductions in referral fee revenues from a variety of sources, but if we are not successful in doing so our revenues and profitability could be adversely affected.

Purported Federal class action lawsuits have been filed alleging that certain of our customers were, without their knowledge or consent, enrolled in and billed for membership discount programs previously offered by third party merchants on our Vistaprint.com website. If we or the third party merchants are unable to successfully resolve these lawsuits or similar claims that may be brought in the future, our reputation, revenues and results of operations could be adversely affected.

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 his Committee is investigating membership discount programs marketed by third party merchants Vertrue, Inc., Webloyalty.com, Inc. and Affinion Group, Inc. through e-commerce retailers due to the high volume of consumer complaints concerning the programs. From time to time we have received complaints from our customers and inquiries by state attorneys general and government agencies regarding some of the membership discount programs previously offered on our websites. Although we removed all such membership discount program offerings from our websites in 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.

In addition, we are currently involved in several purported class action lawsuits that were filed against us and two affiliated third party merchants, which lawsuits have been consolidated into one suit, alleging that we and the merchants violated certain Federal and state consumer protection laws in connection with the offer of membership discount programs on our Vistaprint.com website. You can find more information about this lawsuit in the section of this Report entitled, "Item 1 – Legal Proceedings." We and the third party merchants may receive other complaints in the future regarding these types of membership discount programs.

The purported class action lawsuits or any other private or governmental claims or actions that may be brought against us in the future 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.

Our practice of offering free products and services could be subject to judicial or regulatory challenge, which, if successful, would 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—we have in the past, and may in the future, be subject to claims by individuals or governmental regulators in Europe, the United States and other countries that our free offers are misleading or do not comply with applicable legislation or regulation. In addition, customers and competitors have filed complaints with governmental and standards bodies claiming that customers were misled by the terms of our free offers. If our free product offers are subject to further challenges or actions in the future, or 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.

Our 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.

A significant prerequisite to online commerce and communications is the secure transmission of confidential information over public networks. Our failure to prevent security breaches of our network could damage our reputation and brand and substantially harm our business and results of operations. Currently, a majority of our sales are billed to our customers' credit card accounts directly. We retain the credit card information of all of our customers for a limited period of time for the purpose of issuing refunds and of our subscription customers for a longer period of time for the purpose of recurring billing. 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 related developments, among other factors, 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 a risk of loss or 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 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, under current credit card practices, we may be liable for fraudulent credit card transactions conducted on our websites, such as through the use of stolen credit card numbers, because we do not obtain a cardholder's signature. 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 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 most 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.

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.

Our international structure is complex. Vistaprint N.V. is organized in the Netherlands. Certain management services relating to the activities of the Vistaprint group are provided by employees of our non-Dutch subsidiaries, who are based in jurisdictions other than the Netherlands. We have endeavored to structure our business so that our operations outside the Netherlands are carried out by our local subsidiaries and the business income of the Vistaprint group is, in general, not subject to tax in these jurisdictions outside the Netherlands, such as Jamaica, the United States, Canada, Spain, France, or Switzerland. Many countries' tax laws, including United States tax law, impose taxation upon entities that are engaged in a business in that country, but do not clearly define activities that constitute being engaged in a business. The tax authorities in these countries could contend that some or all of the income of the Vistaprint N.V. group should be subject to income or other tax. If the income of the Vistaprint N.V. group is taxed in these other jurisdictions, such taxes will increase our effective tax rate and adversely affect our results of operations.

We are subject to changing tax laws, treaties and regulations in and between countries in which we and our subsidiaries operate or are resident, including, among others, treaties between the United States, countries in the European Union, Canada and other countries. These tax laws, treaties and regulations are highly complex and subject to interpretation. U.S. corporations are subject to United States federal income tax on the basis of their worldwide income. Non-U.S. corporations generally are subject to United States federal income tax only on income that has a sufficient nexus to the United States. On October 22, 2004, the United States enacted the American Jobs Creation Act of 2004, or the AJCA. Under the AJCA, non-U.S. corporations that after March 4, 2003 complete the acquisition of substantially all of the properties of a U.S. corporation and that meet certain ownership, operational and other tests are treated as U.S. corporations for United States federal income tax purposes and, therefore, are subject to United States federal income tax on their worldwide income. The amalgamation of our predecessor U.S. corporation with Vistaprint Limited, our Bermuda subsidiary and our parent company prior to our redomestication to the Netherlands, occurred in April 2002. The AJCA grants broad regulatory authority to the Secretary of the Treasury to provide regulations as may be appropriate to determine whether a non-U.S. corporation is treated as a U.S. corporation. We do not believe that the relevant provisions of the AJCA as currently enacted apply to Vistaprint N.V., but there can be no assurance that the United States Internal Revenue Service will not challenge this position or that a court will not sustain any such challenge. Furthermore, at various times during the last few years there have been legislative proposals in the U.S. Congress which, if enacted into law, would retroactively change the March 4, 2003 AJCA measurement date to March 20, 2002. A successful challenge by the Internal Revenue Service, or a change of the March 4, 2003 date in the AJCA to an earlier date, could result in Vistaprint N.V. being subject to tax in the United States on its worldwide income, which would increase our effective rate of tax and adversely affect our results of operations. Similarly, there have been other legislative proposals introduced in the United States Congress from time to time that seek to impose taxes and similar obligations and restrictions on foreign companies with operations in the United States, such as by classifying certain foreign corporations that are managed and controlled primarily in the United States as domestic corporations for U.S. tax purposes. We cannot predict whether these or other similar legislative proposals will become law. If any such legislative proposals become law and are deemed to apply to Vistaprint N.V., our effective tax rate could increase and our results of operations could be materially adversely affected.

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 our subsidiaries. These agreements establish transfer prices for printing, marketing, management, technology development and other services performed by these subsidiaries for Vistaprint N.V. and 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 the same as those between unrelated companies dealing at arm's length. With the exception of the transfer pricing arrangements applicable to our Dutch and French 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. Changes in laws and regulations may require us to change our transfer pricings or operating procedures. If tax authorities were to allocate income to a higher tax jurisdiction, subject our income to double taxation or assess penalties, it would result in a higher tax liability to us, which would adversely affect our earnings.

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, as has been the case in some prior periods, this structure will increase our consolidated losses and further harm our results of operations.

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, which we refer to as the Foundation, whose board consists of three members, at least two of whom are independent of Vistaprint N.V. We 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. 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. This authorization must be renewed by our shareholders at least every five years.

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

Dutch law requires shareholder approval for the issuance of ordinary shares. 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 must be submitted to shareholders for renewal at least every five years. 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. Situations may arise where the flexibility to issue shares, pay dividends 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 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 the distributions as distributions made to shareholders in relation to a reduction of par value, which would be non-taxable for Dutch withholding tax purposes if properly structured. We have in the past, and may in the future, repurchase outstanding 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 upon the exercise of 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, 2009 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.

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

On August 12, 2008, we had announced that the Vistaprint Limited Board of Directors authorized the repurchase of up to an aggregate of $50.0 million of our common shares from time to time on the open market. During fiscal 2009, $45.5 million of common shares of Vistaprint Limited were repurchased. This share repurchase authorization, which was assumed by Vistaprint N.V., expired on February 8, 2010.

Vistaprint N.V. acquires ordinary shares in satisfaction of employee tax withholding requirements in connection with the vesting of restricted shares. The table below shows all repurchases of securities by us during the three months ended March 31, 2010:

Total Number of Shares Purchased	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under publicly announced Plans or Programs
January 1, 2010 to January 31, 2010	4,894	$ 54.30	—	—
February 1, 2010 to February 28, 2010	21,470	$ 57.83	—	—
March 1, 2010 to March 31, 2010	2,434	$ 60.35	—	—
Total	28,798	$ 57.44		

(1) The ordinary shares reflected in this column were withheld directly from issuances of ordinary shares to employees pursuant to vested restricted share units.

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: April 30, 2010

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*	Barcelona Expatriate Agreement dated March 11, 2010 between Vistaprint USA, Incorporated and Janet Holian is incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 15, 2010
10.2*	Employment Agreement effective September 1, 2009 between Vistaprint USA, Incorporated and Robert Keane
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

* Management contract or compensatory plan or arrangement.

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into this September 1, 2009 by Vistaprint USA, Incorporated (the “Company”) and Robert S. Keane (the “Employee”).

The parties agree as follows:

1. Term of Employment. The Company agrees to employ the Employee, and the Employee hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing on the date of this Agreement and ending upon the termination of the Employee’s employment as set forth in Section 4 below (the “Employment Period”).

2. Duties and Capacity. During the Employment Period, the Employee shall perform the duties described on Schedule A attached to this Agreement. The Employee is subject to the supervision of, and has such authority as is delegated to the Employee by, the Company’s Board of Directors or such officer of the Company as may be designated by the Board. The Employee hereby accepts such employment and agrees to undertake the duties and responsibilities described on Schedule A. The Employee agrees to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein that the Company may adopt from time to time.

3. Compensation and Benefits.

3.1 Salary. The Company shall pay the Employee, in accordance with the Company’s regular payroll practices, an annualized base salary of $156,960 (approximate, based on 30-day trailing average currency exchange rate in effect at May 6, 2009) for the one-year period commencing on the Commencement Date.

3.2 Other Benefits. The Employee is entitled to participate in all bonus and benefit programs that the Company establishes and makes available to its employees, to the extent that the Employee is eligible under (and subject to the provisions of) the plan documents governing those programs. In particular, the Employee is entitled to receive the bonuses, incentive awards and equity compensation awards for the Company’s fiscal year 2010 described on Schedule A.

3.3 Reimbursement of Expenses. The Company shall reimburse the Employee for all reasonable travel, entertainment and other expenses incurred or paid by the Employee in connection with, or related to, the performance of his or her duties, responsibilities or services under this Agreement, upon presentation by the Employee of documentation, expense statements, vouchers and/or such other supporting information as the Company may request.

3.4 Withholding. All salary, bonus and other compensation payable to the Employee is subject to applicable withholding taxes.

4. Employment Termination. This Agreement and the employment of the Employee terminate upon the occurrence of any of the following:

4.1 Upon the death or disability of the Employee. As used in this Agreement, the term “disability” has the definition set forth in the Company’s then-applicable long-term disability plan.

4.2 At the election of the Employee, upon not less than thirty (30) calendar days’ prior written notice of termination by the Employee to the Company.

4.3 At the election of the Company, upon not less than thirty (30) calendar days’ prior written notice of termination by the Company to the Employee.

5. Other Agreements. The Employee shall comply with the terms and obligations set forth in all other agreements between the Employee and the Company, the Company’s parent corporation and other subsidiaries of the Company’s parent (collectively, the “Vistaprint Group”), including but not limited to non-competition, non-solicitation, non-disclosure, proprietary rights and developments, and executive retention agreements.

6. Notices. Any notice delivered under this Agreement is deemed duly delivered three (3) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after it is sent for next business day delivery via a reputable nationwide overnight courier service.

7. Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns and pronouns shall include the plural, and vice versa.

8. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Employee.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (without reference to the conflict of laws provisions thereof). Any action, suit or other legal proceeding arising under or relating to any provision of this Agreement shall be commenced only in a court of the Commonwealth of Massachusetts (or, if appropriate, a federal court located within the Commonwealth of Massachusetts), and the Company and the Employee each consents to the jurisdiction of such a court. The Company and the Employee each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.

10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Company may be merged or which may succeed to its assets or business, except that the obligations of the Employee are personal and shall not be assigned by him or her.

11. Acknowledgment. The Employee represents that he or she has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. The Employee further states and represents that he or she has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs his or her name of his or her own free act.

12. Miscellaneous.

12.1 No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

12.2 The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

12.3 In case any provision of this Agreement is invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

VISTAPRINT USA, INCORPORATED

By: /s/ Michael Giannetto
Title: CFO

EMPLOYEE

/s/ Robert S. Keane
Robert S. Keane

SCHEDULE A

Duties of the Employee

- Lead and participate in operational sessions of the Global Executive Team (GET). The Employee’s duties for the Company do not include strategic or other non-operational sessions of the GET.
- Travel and engage in activities for existing entities and functions within the Vistaprint Group. The Employee will regularly travel to existing locations and commission work efforts for sub-corporate global groups, business units and functions.
- Travel to new locations once a decision has been made to establish new offices. Once the Vistaprint Group has decided to establish a new location, the Employee will engage in activities relating to the establishment of the location, which may include travel to the location. The Employee’s duties for the Company do not include strategy and market analysis and research relating to new locations.
- Lead and participate in vision-setting and strategy sessions for global groups, functions and business units at a sub-corporate level. The Employee will engage in sessions to review operating activities as well as to plan long-range, vision setting and strategic planning of these functions.

Compensation Payable by the Company for fiscal year 2010

Annual base salary of $156,960*.

Annual incentive, pursuant to the terms of the Employee’s award agreement under the Vistaprint Performance Incentive Plan for Covered Employees:

Target (100%) of $436,000*
Minimum (0%) of $0
Maximum (250%) of $1,090,000*

Long-term cash incentive, pursuant to the terms of the Employee’s award agreement under the Vistaprint Performance Incentive Plan for Covered Employees:

Target (4 years) of $937,500
Minimum (4 years) of $0
Maximum (4 years) of $1,734,375

Long-term equity incentive, pursuant to the terms of the Employee’s grant agreements under the Vistaprint Amended and Restated 2005 Equity Incentive Plan:

Share options with Black Scholes value of $2,250,000
Restricted share units with value at grant of $562,500

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* Approximate, based on 30-day trailing average currency exchange rate in effect at May 6, 2009

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: April 30, 2010

/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: April 30, 2010

/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 March 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: April 30, 2010

/s/ ROBERT S. KEANE

Robert S. Keane
Chief Executive Officer

Date: April 30, 2010

/s/ MICHAEL GIANNETTO

Michael Giannetto
Chief Financial Officer