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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended December 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-51539

Cimpress N.V.
(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐
	Smaller reporting company ☐	(Do not check if a smaller reporting company)

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

As of January 23, 2014, there were 32,616,199 of Cimpress N.V. ordinary shares, par value €0.01 per share, outstanding.

CIMPRESS N.V.
QUARTERLY REPORT ON FORM 10-Q
For the Three and Six Months Ended December 31, 2014

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	December 31, 2014	June 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 77,881	$ 62,508
Marketable securities	8,557	13,857
Accounts receivable, net of allowances of $286 and $212, respectively	30,733	23,515
Inventory	15,246	12,138
Prepaid expenses and other current assets	46,648	45,923
Total current assets	179,065	157,941
Property, plant and equipment, net	391,016	352,221
Software and web site development costs, net	16,091	14,016
Deferred tax assets	12,987	8,762
Goodwill	305,013	317,187
Intangible assets, net	94,887	110,214
Other assets	27,438	28,644
Total assets	$ 1,026,497	$ 988,985
Liabilities, noncontrolling interests and shareholders' equity		
Current liabilities:		
Accounts payable	$ 72,065	$ 52,770
Accrued expenses	181,581	121,177
Deferred revenue	25,584	26,913
Deferred tax liabilities	1,219	2,178
Short-term debt	14,884	37,575
Other current liabilities	518	888
Total current liabilities	295,851	241,501
Deferred tax liabilities	27,031	30,846
Lease financing obligation	55,870	18,117
Long-term debt	332,065	410,484
Other liabilities	48,379	44,420
Total liabilities	759,196	745,368
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests (Note 13)	9,466	11,160
Shareholders' equity:		
Preferred shares, par value €0.01 per share, 100,000,000 shares authorized; none issued and outstanding	—	—
Ordinary shares, par value €0.01 per share, 100,000,000 shares authorized; 44,080,627 shares issued; and 32,603,954 and 32,329,244 shares outstanding, respectively	615	615
Treasury shares, at cost, 11,476,673 and 11,751,383 shares, respectively	(414,104)	(423,101)
Additional paid-in capital	314,954	309,990
Retained earnings	430,143	342,840
Accumulated other comprehensive (loss) income	(75,416)	2,113
Total shareholders' equity attributable to Cimpress N.V.	256,192	232,457
Noncontrolling interest	1,643	—
Total shareholders' equity	257,835	232,457
Total liabilities, noncontrolling interests and shareholders' equity	$ 1,026,497	$ 988,985

See accompanying notes.

CIMPRESS N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited in thousands, except share and per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Revenue	$ 439,905	$ 370,807	$ 773,837	$ 645,896
Cost of revenue (1)	156,620	120,789	286,840	216,579
Technology and development expense (1)	46,625	42,874	90,530	85,121
Marketing and selling expense (1)	139,058	124,128	250,885	226,561
General and administrative expense (1)	37,714	30,494	68,835	56,704
Income from operations	59,888	52,522	76,747	60,931
Other income (expense), net	9,855	(3,209)	21,991	(8,035)
Interest income (expense), net	(3,031)	(1,566)	(6,377)	(3,143)
Income before income taxes and loss in equity interests	66,712	47,747	92,361	49,753
Income tax provision	3,850	6,005	6,082	6,820
Loss in equity interests	—	867	—	1,646
Net income	62,862	40,875	86,279	41,287
Add: Net loss attributable to noncontrolling interests	747	—	1,024	—
Net income attributable to Cimpress N.V.	$ 63,609	$ 40,875	$ 87,303	$ 41,287
Basic net income per share attributable to Cimpress N.V.	$ 1.96	$ 1.24	$ 2.69	$ 1.26
Diluted net income per share attributable to Cimpress N.V.	$ 1.89	$ 1.18	$ 2.62	$ 1.20
Weighted average shares outstanding — basic	32,536,046	32,861,393	32,461,432	32,760,384
Weighted average shares outstanding — diluted	33,581,100	34,552,194	33,367,767	34,463,006

____

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Cost of revenue	$ 14	$ 72	$ 45	$ 138
Technology and development expense	1,002	2,418	1,929	4,878
Marketing and selling expense	58	1,588	972	3,277
General and administrative expense	5,310	3,795	9,180	7,965

See accompanying notes.

CIMPRESS N.V.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited in thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	**2013**	**2014**	**2013**
Net income	$ 62,862	$ 40,875	$ 86,279	$ 41,287
Other comprehensive income, net of tax:				
Foreign currency translation gain (loss)	(28,296)	4,865	(74,553)	10,991
Net unrealized gain (loss) on derivative instruments designated and qualifying as cash flow hedges	(320)	33	(21)	(68)
Amounts reclassified from accumulated other comprehensive income to net income on derivative instruments	216	—	429	—
Unrealized loss on available-for-sale-securities	(466)	—	(4,720)	—
Unrealized gain (loss) on pension benefit obligation	38	—	(65)	—
Comprehensive income	34,034	45,773	7,349	52,210
Add: Comprehensive loss attributable to noncontrolling interests	1,372	—	2,423	—
Total comprehensive income attributable to Cimpress N.V.	$ 35,406	$ 45,773	$ 9,772	$ 52,210

See accompanying notes.

CIMPRESS N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited in thousands)

	Six Months Ended December 31,	
	2014	**2013**
Operating activities		
Net income	$ 86,279	$ 41,287
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47,354	32,465
Share-based compensation expense	12,126	16,258
Excess tax benefits derived from share-based compensation awards	(1,342)	(1,987)
Deferred taxes	(8,242)	(7,594)
Loss in equity interests	—	1,646
Unrealized (gain) loss on derivative instruments included in net income	(3,482)	3,701
Change in fair value of contingent consideration	7,378	—
Effect of exchange rate changes on monetary assets and liabilities denominated in non-functional currency	(18,597)	2,868
Other non-cash items	1,772	323
Changes in operating assets and liabilities excluding the effect of business acquisitions:		
Accounts receivable	(6,941)	(1,414)
Inventory	(3,256)	(563)
Prepaid expenses and other assets	14,738	(12,865)
Accounts payable	21,611	4,751
Accrued expenses and other liabilities	41,446	16,028
Net cash provided by operating activities	190,844	94,904
Investing activities		
Purchases of property, plant and equipment	(34,952)	(42,169)
Business acquisitions, net of cash acquired	(22,997)	—
Proceeds from sale of intangible assets	—	137
Purchases of intangible assets	(145)	(119)
Capitalization of software and website development costs	(7,449)	(4,419)
Investment in equity interests	—	(4,994)
Net cash used in investing activities	(65,543)	(51,564)
Financing activities		
Proceeds from borrowings of debt	139,500	67,000
Payments of debt and debt issuance costs	(243,266)	(101,604)
Payments of withholding taxes in connection with share awards	(2,764)	(3,941)
Payments of capital lease obligations	(2,842)	—
Excess tax benefits derived from share-based compensation awards	1,342	1,987
Proceeds from issuance of ordinary shares	4,782	4,163
Issuance of dividend to noncontrolling interest	(92)	—
Net cash used in financing activities	(103,340)	(32,395)
Effect of exchange rate changes on cash and cash equivalents	(6,588)	1,300
Net increase in cash and cash equivalents	15,373	12,245
Cash and cash equivalents at beginning of period	62,508	50,065
Cash and cash equivalents at end of period	$ 77,881	$ 62,310

See accompanying notes.

CIMPRESS N.V.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited in thousands, except share and per share data)

1. Description of the Business

We are a technology and manufacturing-driven company that aggregates, via the Internet, large volumes of individually small, customized orders for a broad spectrum of print, signage, apparel and similar products. We produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market via various brands that deliver marketing products and services to the small business and home and family markets. These brands include Vistaprint, our leading global brand for micro business marketing products and services, as well as several brands we have acquired that serve the needs of various market segments including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for personal use.

On November 14, 2014, pursuant to our shareholders' approval, we amended our articles of association to change our name to Cimpress N.V. and began trading on The Nasdaq Stock Market under the "CMPR" ticker symbol shortly after.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and, accordingly, do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals, considered necessary for a fair presentation of the results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included.

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

Operating results for the three and six months ended December 31, 2014 are not necessarily indicative of the results that may be expected for the year ending June 30, 2015 or for any other period. The consolidated balance sheet at June 30, 2014 has been derived from our audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2014 included in our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the "SEC").

Use of Estimates

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

Foreign Currency Translation

Our non-U.S. dollar functional currency subsidiaries translate their assets and liabilities denominated in their functional currency to U.S. dollars at current rates of exchange in effect at the balance sheet date, and revenues and expenses are translated at average rates prevailing throughout the period. The resulting gains and losses from translation are included as a component of accumulated other comprehensive (loss) income. Transaction gains and losses and remeasurement of assets and liabilities denominated in currencies other than an entity's functional currency are included in other income (expense), net in our consolidated statements of operations. The following table summarizes the components of other income (expense), net:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Gains (losses) on derivative instruments	$ 4,191	$ (1,229)	$ 7,642	$ (6,438)
Currency related gains (losses), net (1)	5,664	(1,980)	14,349	(1,597)
Total other income (expense), net	$ 9,855	$ (3,209)	$ 21,991	$ (8,035)

____

(1) Changes in our corporate entity operating structure, effective October 1, 2013, required us to alter our intercompany transactional and financing activities. We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility and as the U.S. dollar strengthened relative to certain currencies during the three and six months ended December 31, 2014, we recognized significant gains.

Net Income Per Share Attributable to Cimpress N.V.

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

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Weighted average shares outstanding, basic	32,536,046	32,861,393	32,461,432	32,760,384
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs	1,045,054	1,690,801	906,335	1,702,622
Shares used in computing diluted net income per share attributable to Cimpress N.V.	33,581,100	34,552,194	33,367,767	34,463,006
Weighted average anti-dilutive shares excluded from diluted net income per share attributable to Cimpress N.V.	35,244	913,562	550,571	920,889

Share-Based Compensation

During the three and six months ended December 31, 2014, we recorded share-based compensation expense of $6,384 and $12,126, respectively, and $7,873 and $16,258 during the three and six months ended December 31, 2013, respectively. As of December 31, 2014, there was $42,677 of total unrecognized compensation cost related to non-vested share-based compensation arrangements, net of estimated forfeitures. This cost is expected to be recognized over a weighted average period of 2.8 years.

Recently Issued or Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09,"Revenue from Contracts with Customers," (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for us on July 1, 2017 and early application is not permitted. The standard permits the use of either the retrospective or cumulative catch-up transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements.

3. Fair Value Measurements

The following table summarizes our investments in available-for-sale securities:

	December 31, 2014		
	Amortized Cost Basis	Unrealized gain	Estimated Fair Value
Available-for-sale securities			
Plaza Create Co. Ltd. common shares (1)	$ 4,031	$ 4,526	$ 8,557
Total investments in available-for-sale securities	$ 4,031	$ 4,526	$ 8,557

	June 30, 2014		
	Amortized Cost Basis	Unrealized gain	Estimated Fair Value
Available-for-sale securities			
Plaza Create Co. Ltd. common shares (1)	$ 4,611	$ 9,246	$ 13,857
Total investments in available-for-sale securities	$ 4,611	$ 9,246	$ 13,857

(1) On February 28, 2014, we purchased shares in our publicly traded Japanese joint venture partner. Refer to Note 13 for further discussion of the separate joint business arrangement.

We use a three-level valuation hierarchy for measuring fair value and include detailed 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, quoted prices for identical or similar assets in markets that are not active 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 following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	December 31, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale securities	$ 8,557	$ 8,557	$ —	$ —
Currency forward contracts	3,276	—	3,276	—
Interest rate swap contracts	5	—	5	—
Total assets recorded at fair value	$ 11,838	$ 8,557	$ 3,281	$ —
Liabilities				
Interest rate swap contracts	$ (476)	$ —	$ (476)	$ —
Currency forward contracts	(219)	—	(219)	—
Contingent consideration	(21,249)	—	—	(21,249)
Total liabilities recorded at fair value	$ (21,944)	$ —	$ (695)	$ (21,249)

	June 30, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale securities	$ 13,857	$ 13,857	$ —	$ —
Currency forward contracts	382	—	382	—
Total assets recorded at fair value	$ 14,239	$ 13,857	$ 382	$ —
Liabilities				
Interest rate swap contracts	$ (745)	$ —	$ (745)	$ —
Currency forward contracts	(806)	—	(806)	—
Contingent consideration	(16,072)	—	—	(16,072)
Total liabilities recorded at fair value	$ (17,623)	$ —	$ (1,551)	$ (16,072)

During the three and six months ended December 31, 2014 and the year ended June 30, 2014, there were no significant transfers in or out of Level 1, Level 2 and Level 3 classifications.

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

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in the fair value measurement. However, as of December 31, 2014, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

Our fiscal 2014 acquisitions of Printdeal (formerly known as People & Print Group) and Pixartprinting provided for contingent consideration payable based on the achievement of certain financial results. For Printdeal, the payment is contingent upon the achievement of an initial calendar year 2014 earnings before interest, taxes, depreciation and amortization (EBITDA) margin threshold but ultimately payable based on revenue and EBITDA performance for calendar year 2015. The Pixartprinting payment is payable on the achievement of revenue and EBITDA performance for calendar year 2014 and payment is expected to be finalized by the end of fiscal 2015.

The contingent consideration obligations are measured at fair value and are based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions and estimates to forecast a range of outcomes and probabilities for the contingent consideration. We assess these assumptions and estimates on a quarterly basis as additional data impacting the assumptions is obtained. Any changes in the fair value of contingent consideration related to updated assumptions and estimates will be recognized within general and administrative expenses in the consolidated statements of operations during the period in which the change occurs.

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

	Current liabilities: contingent consideration	Long-term liabilities: contingent consideration	Total contingent consideration
Balance at June 30, 2014	$ 6,276	$ 9,796	$ 16,072
Fair value adjustment	6,227	1,080	7,307
Foreign currency impact	(851)	(1,279)	(2,130)
Balance at December 31, 2014	$ 11,652	$ 9,597	$ 21,249

As of December 31, 2014 and June 30, 2014, the carrying amounts of our cash and cash equivalents, accounts receivables, accounts payable, and other current liabilities approximated their estimated fair values. As of December 31, 2014 and June 30, 2014 the carrying value of our debt was $346,949 and $448,059, respectively, and the fair value was $353,206 and $460,098, respectively. Our debt is a variable rate debt instrument indexed to LIBOR that resets periodically. The estimated fair value of our debt was determined using available market information based on recent trades or activity of debt instruments with substantially similar risks, terms and maturities, which fall within Level 2 under the fair value hierarchy. The estimated fair value of assets and liabilities disclosed above may not be representative of actual values that could have been or will be realized in the future.

4. Derivative Financial Instruments

Hedges of Interest Rate Risk

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

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive (loss) income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. If a derivative is deemed to be ineffective, the ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three and six months ended December 31, 2014 and 2013, we did not hold any interest rate derivative instruments that were determined to be ineffective.

Amounts reported in accumulated other comprehensive (loss) income related to interest rate swap contracts will be reclassified to interest expense as interest payments are accrued or made on our variable-rate debt. Assuming these derivative instruments continue to qualify for hedge accounting, as of December 31, 2014, we estimate that $855 will be reclassified from accumulated other comprehensive (loss) income to interest income during the twelve months ending December 31, 2015. As of December 31, 2014, we had eight outstanding interest rate swap contracts indexed to one-month LIBOR. These instruments were designated as cash flow hedges of interest rate risk and have varying start dates and maturity dates from June 2015 through June 2019. Since the start date of certain contracts has not yet commenced, the notional amount of our outstanding contracts is in excess of the variable-rate debt being hedged as of the balance sheet date.

Interest rate swap contracts outstanding:	Notional Amounts
Contracts accruing interest as of December 31, 2014	$ 230,000
Contracts with a future start date	105,000
Total	$ 335,000

Hedges of Currency Risk

We execute currency forward contracts in order to mitigate our exposure to fluctuations in various currencies against our reporting currency, the U.S. dollar. We use currency derivatives, specifically currency forward contracts, to manage this exposure. We did not elect hedge accounting for our current currency forward contract activity, as we performed an analysis to evaluate the benefits of hedge accounting relative to the additional economic cost of trade execution and administrative burden. However, we may elect to apply hedge accounting in future scenarios. During the three and six months ended December 31, 2014 and 2013, we have experienced volatility within other income (expense), net in our consolidated statements of operations from unrealized gains and losses on the mark-to-market of outstanding currency forward contracts. We expect this volatility to continue in future periods for contracts for which we do not apply hedge accounting.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive (loss) income and is subsequently reclassified into earnings in the period in which the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings as a component of other income (expense), net. As of December 31, 2014, we have no outstanding currency forward contracts that qualify for hedge accounting and, as such, there are no current balances to be reclassified into earnings over the next twelve months.

As of December 31, 2014, we had the following outstanding currency forward contracts that were not designated for hedge accounting and were used to hedge fluctuations in the U.S. Dollar value of forecasted transactions denominated in Canadian Dollar, Danish Krone, The Euro, Great British Pound, Indian Rupee, New Zealand Dollar, Norwegian Krone, Swedish Krona, and Swiss Franc:

Notional Amount	Effective Date	Maturity Date	Number of Instruments	Index
$159,340	March 2014 through December 2014	Various dates through June 2016	291	Various

Financial Instrument Presentation

The table below presents the fair value of our derivative financial instruments as well as their classification on the balance sheet as of December 31, 2014 and June 30, 2014:

	December 31, 2014							
	Asset Derivatives				Liability Derivatives			
Derivatives designated as hedging instruments	Balance Sheet line item	Gross amounts of recognized assets	Gross amount offset in consolidated balance sheet	Net amount	Balance Sheet line item	Gross amounts of recognized liabilities	Gross amount offset in consolidated balance sheet	Net amount
Interest rate swaps	Other non-current assets	$ 5	$ —	$ 5	Other current liabilities/other liabilities	$ (492)	$ 16	$ (476)
Total derivatives designated as hedging instruments		$ 5	$ —	$ 5		$ (492)	$ 16	$ (476)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets / other assets	$ 4,511	$ (1,235)	$ 3,276	Other current liabilities	$ (388)	$ 169	$ (219)
Total derivatives not designated as hedging instruments		$ 4,511	$ (1,235)	$ 3,276		$ (388)	$ 169	$ (219)

	June 30, 2014							
	Asset Derivatives				Liability Derivatives			
Derivatives designated as hedging instruments	Balance Sheet line item	Gross amounts of recognized assets	Gross amount offset in consolidated balance sheet	Net amount	Balance Sheet line item	Gross amounts of recognized liabilities	Gross amount offset in consolidated balance sheet	Net amount
Interest rate swaps	Other non-current assets	$ —	$ —	$ —	Other current liabilities/other liabilities	$ (771)	$ 26	$ (745)
Total derivatives designated as hedging instruments		$ —	$ —	$ —		$ (771)	$ 26	$ (745)
Derivatives not designated as hedging instruments								
Currency forward contracts	Other current assets	$ 410	$ (28)	$ 382	Other current liabilities	$ (1,058)	$ 252	$ (806)
Total derivatives not designated as hedging instruments		$ 410	$ (28)	$ 382		$ (1,058)	$ 252	$ (806)

The following table presents the effect of our derivative financial instruments designated as hedging instruments and their classification within comprehensive income for the three and six months ended December 31, 2014 and 2013:

Derivatives in Hedging Relationships	Amount of Gain (Loss) Recognized in Comprehensive (Loss) Income on Derivatives (Effective Portion)			
	Three Months Ended December 31,		Six Months Ended December 31,	
In thousands	2014	2013	2014	2013
Currency contracts that hedge revenue	—	—	—	(107)
Currency contracts that hedge cost of revenue	—	—	—	59
Currency contracts that hedge technology and development expense	—	—	—	70
Currency contracts that hedge general and administrative expense	—	—	—	12
Interest rate swaps	(320)	(30)	(21)	(324)
	$ (320)	$ (30)	$ (21)	$ (290)

The following table presents reclassifications out of accumulated other comprehensive (loss) income for the three and six months ended December 31, 2014 and 2013:

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income to Net Income Gain/(Loss)				Affected line item in the Statement of Operations
	Three Months Ended December 31,		Six Months Ended December 31,		
In thousands	2014	2013	2014	2013	
Currency contracts that hedge revenue	$ —	$ —	$ —	$ (120)	Revenue
Currency contracts that hedge cost of revenue	—	—	—	(112)	Cost of revenue
Currency contracts that hedge technology and development expense	—	—	—	122	Technology and development expense
Currency contracts that hedge general and administrative expense	—	—	—	11	General and administrative expense
Interest rate swaps	(288)	(79)	(572)	(154)	Interest income (expense), net
Total before income tax	(288)	(79)	(572)	(253)	Income (loss) before income taxes and loss in equity interests
Income tax	72	16	143	31	Income tax provision
Total	$ (216)	$ (63)	$ (429)	$ (222)	

The following table presents the adjustment to fair value recorded within the consolidated statements of operations for derivative instruments for which we did not elect hedge accounting, as well as the effect of our de-designated derivative financial instruments that no longer qualify as hedging instruments in the period:

Derivatives not classified as hedging instruments	Amount of Gain (Loss) Recognized in Income				Location of Gain (Loss) Recognized in Income (Ineffective Portion)
	Three Months Ended December 31,		Six Months Ended December 31,		
In thousands	2014	2013	2014	2013	
Currency contracts	$ 4,191	$ (1,229)	$ 7,642	$ (6,438)	Other income (expense), net

5. Accumulated Other Comprehensive (Loss) Income

The following table presents a roll forward of amounts recognized in accumulated other comprehensive (loss) income by component, net of tax of $72, for the six months ended December 31, 2014:

	Gains (losses) on cash flow hedges	Gains (losses) on available for sale securities	Losses on pension benefit obligation	Currency translation adjustments	Total
Balance as of June 30, 2014	(803)	9,246	(2,724)	(3,606)	2,113
Other comprehensive (loss) income before reclassifications	(21)	(4,720)	(65)	(73,152)	(77,958)
Amounts reclassified from accumulated other comprehensive (loss) income to net income	429	—	—	—	429
Net current period other comprehensive (loss) income	408	(4,720)	(65)	(73,152)	(77,529)
Balance as of December 31, 2014	$ (395)	$ 4,526	$ (2,789)	$ (76,758)	$ (75,416)

6. Waltham and Lexington Lease Arrangements

In July 2013, we executed a lease agreement to move our Lexington, Massachusetts, USA operations to a yet to be constructed facility in Waltham, Massachusetts, USA. The Waltham lease will commence upon completion of the building, scheduled for the first quarter of fiscal 2016, and will extend eleven years from the commencement date. The cash expected to be paid ratably over the initial eleven-year term of the lease is approximately $131,769 starting in September 2015.

Concurrent with the Waltham lease negotiations, we amended our current Lexington lease, as both leases are held with the same landlord. The amendment to the Lexington lease contained a contingent feature to shorten the current term of the lease to coincide with the rent commencement date of the Waltham lease, and a second contingent feature to adjust the remaining annual rental amounts. Both of the arrangements were contingent upon the lessor obtaining certain building permits for the Waltham lease. During the quarter ended March 31, 2014, the lessor obtained all of the requisite building permits for the Waltham building construction.

For accounting purposes, we are deemed to be the owner of the Waltham building during the construction period and, accordingly, as of December 31, 2014 we have recorded $60,060 of construction project costs incurred by the landlord as an asset with a corresponding financing obligation. The asset is included as construction in progress in property, plant and equipment, net in the consolidated balance sheet. Once the construction is completed, we will evaluate the Waltham lease in order to determine whether or not the lease meets the criteria for "sale-leaseback" treatment.

Although we will not begin making cash lease payments until the lease commencement date, a portion of the Waltham lease obligation attributable to the land is treated for accounting purposes as an operating lease that commenced during the second quarter of fiscal 2014. We bifurcate our future lease payments pursuant to the lease into (i) a portion that is allocated to the building and (ii) a portion that is allocated to the land on which the building is being constructed, which will be recorded as rental expense during the construction period. We recognized non-cash rent expense of $375 and $750 in our consolidated statements of operations for the land operating lease during the three and six months ended December 31, 2014.

7. Business Combinations

Acquisition of FotoKnudsen

On July 1, 2014, we acquired 100% of the outstanding shares of FotoKnudsen AS, a Norwegian photo product company focused primarily on the Norwegian markets. At closing, we paid €14,045 ($19,224 based on the exchange rate as of the date of acquisition) in cash, subject to certain post-acquisition escrow adjustments. We utilized proceeds from our credit facility to finance the acquisition. In connection with the acquisition, we incurred transaction costs related to investment banking, legal, financial, and other professional services of $394 which were recorded during the year ended June 30, 2014 in general and administrative expenses. No additional transaction costs were recorded during the six months ended December 31, 2014.

The excess of the purchase price paid over the fair value of FotoKnudsen's net assets was recorded as goodwill, which is primarily attributable to cost synergies expected from manufacturing efficiency opportunities and the value of the workforce of FotoKnudsen. Goodwill is not expected to be deductible for tax purposes, and has been attributed to our Albumprinter reporting unit that is part of the All Other Business Units reportable segment. The revenue and earnings included in our consolidated financial statements since the acquisition date are not material. Actual and pro forma results of the operations have not been presented because the effects are not material to the consolidated financial statements. The final fair value of the assets acquired and liabilities assumed was:

	Amount	Weighted Average Useful Life in Years
Tangible assets acquired and liabilities assumed, net:	$ (1,748)	n/a
Identifiable intangible assets:		
Customer relationships	5,615	6
Trade name	2,869	6
Developed technology	734	2
Goodwill	11,754	n/a
Total purchase price	$ 19,224	

8. Goodwill and Acquired Intangible Assets

Goodwill

The carrying amount of goodwill by segment as of June 30, 2014 and December 31, 2014 is as follows:

	Vistaprint Business Unit	All Other Business Units	Total
Balance as of June 30, 2014 (1)	$ 138,007	$ 179,180	$ 317,187
Acquisitions (2)	—	18,970	18,970
Adjustments	—	(82)	(82)
Effect of currency translation adjustments (3)	(9,612)	(21,450)	(31,062)
Balance as of December 31, 2014	$ 128,395	$ 176,618	$ 305,013

____

(1) Our segment reporting has been revised as of July 1, 2014 and, as such, we have re-allocated our goodwill by segment for the period ended June 30, 2014. See Note 14 for additional details.

(2) See notes 7 and 12 for additional details.

(3) Relates to goodwill held by subsidiaries whose functional currency is not the U.S. Dollar.

In connection with the July 1, 2014 revision to our reportable segments, the composition of one of our reporting units was divided and realigned to new operating segments. We reassigned the goodwill for this reporting unit using the relative fair value approach and performed a goodwill impairment test immediately before and after the reorganization of the reporting structure in order to determine whether the reorganization did not mask a goodwill impairment charge. We estimated the fair values of our reporting units using a discounted cash flow methodology. The discounted cash flows are based on our strategic plans and best estimates of revenue growth and operating profit by each reporting unit. Our analysis requires the exercise of significant judgment, including the identification of reporting units and assumptions about appropriate discount rates, perpetual growth rates, and the amount and timing of expected future cash flows. Our analysis concluded that the estimated fair value of each reporting unit sufficiently exceeds its carrying value and thus no further evaluation of impairment is necessary.

Acquired Intangible Assets

Acquired intangible assets amortization expense for the three and six months ended December 31, 2014 was $5,453 and $12,084, respectively, and $2,353 and $4,657 for the three and six months ended December 31, 2013, respectively. Amortization expense has increased significantly in fiscal 2015 due to the acquisitions of Printdeal, Pixartprinting and FotoKnudsen.

9. Accrued Expenses

Accrued expenses included the following:

	December 31, 2014	June 30, 2014
Compensation costs	$ 43,682	$ 46,375
Income and indirect taxes (1)	44,375	23,190
Advertising costs (2)	33,316	19,299
Shipping costs	8,459	4,104
Purchases of property, plant and equipment	7,219	3,687
Professional costs	1,480	2,224
Other (3)	43,050	22,298
Total accrued expenses	$ 181,581	$ 121,177

____

(1) The increase in income and indirect taxes is primarily due to increased sales during the second quarter of fiscal 2015 which resulted in additional VAT expense across several of our locations.

(2) The increase in advertising costs is primarily due to holiday marketing campaigns and additional TV advertising during the period ending December 31, 2014.

(3) The increase is primarily due to the increase in the short-term portion of the contingent consideration liability of $5,376 as well as an increase in the short-term portion of our lease financing obligation of $4,190 as of December 31, 2014.

10. Debt

	December 31, 2014	June 30, 2014
Current portion of long-term debt (1)	$ 9,884	$ 16,375
Short-term uncommitted credit facility	5,000	21,200
Total short-term debt	14,884	37,575
Long-term debt (1)	332,065	410,484
Total debt outstanding	$ 346,949	$ 448,059

____

(1) Balances as of December 31, 2014 are inclusive of short-term and long-term debt discounts of $116 and $435, respectively.

JP Morgan Credit Facility

On September 23, 2014, we entered into amendment no. 2 to our credit agreement, which increased the aggregate loan commitments of our existing lenders to a total of $850,000 and extended the maturity date of all our borrowings under the credit agreement to September 23, 2019. As of December 31, 2014, we have a committed credit facility of $848,000 as follows:

- Revolving loans of $690,000 with a maturity date of September 23, 2019
- Term loan of $158,000 amortizing over the loan period, with a final maturity date of September 23, 2019

Under the terms of our credit agreement, borrowings bear interest at a variable rate of interest based on LIBOR plus 1.50% to 2.25% depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated EBITDA, as defined by the credit agreement. As of December 31, 2014, the weighted-average interest rate on outstanding borrowings was 2.24%, inclusive of interest rate swap rates. We must also pay a commitment fee on unused balances of 0.225% to 0.400% depending on our leverage ratio. We have pledged the assets and/or share capital of several of our subsidiaries as collateral for our outstanding debt as of December 31, 2014.

Our credit agreement contains financial and other covenants, including but not limited to limitations on (1) our incurrence of additional indebtedness and liens, (2) the consummation of intercompany activities or certain fundamental organizational changes, for example acquisitions, (3) investments and restricted payments including the amount of purchases of our ordinary shares or payments of dividends, and (4) the amount of consolidated capital expenditures that we may make in each of our fiscal years through June 30, 2019. The credit agreement also contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our total leverage ratio, which is the ratio of our consolidated total indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 4.50 to 1.00.

- our senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 3.25 to 1.00.

- our interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense, will be at least 3.00 to 1.00.

(*) The definitions of EBITDA, consolidated total indebtedness, and consolidated senior secured indebtedness are maintained in our credit agreement included as an exhibit to our Form 8-K filed on February 13, 2013, as amended by amendments no. 1 and no. 2 to the credit agreement included as exhibits to our Forms 8-K filed on January 22, 2014 and September 25, 2014.

Our credit agreement also contains customary representations, warranties and events of default. As of December 31, 2014, we were in compliance with all financial and other covenants under the credit agreement.

Additional line of credit

We have an uncommitted line of credit with Santander Bank, N.A, and under the terms of the agreement we may borrow up to $25,000 at any time, with a maturity date of up to 90 days from the loan origination date. Under the terms of our uncommitted line of credit, borrowings bear interest at a variable rate of interest that may change from time to time. As of December 31, 2014 the variable interest rate was determined based on LIBOR plus 1.20%. The LIBOR rate is determined on the date of borrowing and is based on the length of the specific loan. As of December 31, 2014 the weighted-average interest rate on outstanding borrowings of $5,000 was 1.34%.

11. Income Taxes

Income tax expense was $3,850 and $6,082 for the three and six months ended December 31, 2014, respectively, as compared to $6,005 and $6,820 for the same prior year periods. The decrease is primarily attributable to tax benefits resulting from changes to our corporate entity operating structure that became effective on October 1, 2013. We made the changes to our corporate entity operating structure, which included transferring our intellectual property among certain of our subsidiaries, primarily to align our corporate entities with our evolving operations and business model. Additionally, for the three months ended December 31, 2014, we recognized a tax benefit related to a reduction in our net liability for unrecognized tax benefits.

Our consolidated annual effective tax rate is primarily impacted by changes in the amount and geographical mix of consolidated pre-tax income. For fiscal 2015, we are forecasting a lower consolidated annual effective tax rate as compared to fiscal 2014, primarily as a result of a more favorable geographical mix of consolidated pre-tax earnings and greater tax benefits recognized as a result of the changes to our corporate entity operating structure described above. We expect our cash paid for income taxes for fiscal 2015 to be higher than our income tax expense as a result of non-cash tax benefits relating to tax losses for which the cash benefit is expected to occur in a future period.

As of December 31, 2014, we had a net liability for unrecognized tax benefits included in the balance sheet of approximately $4,864, including accrued interest of $82. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in the provision for income taxes. During the three months ended December 31, 2014, we recognized a decrease in the net liability of $1,346 primarily due to the effective settlement of certain tax audits during the quarter. Of the total amount of unrecognized tax benefits, approximately $2,100 will reduce the effective tax rate if recognized.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. The years 2011 through 2014 remain open for examination by the United States Internal Revenue Service (“IRS”) and the years 2006 through 2014 remain open for examination in the various states and non-US tax jurisdictions in which we file tax returns.

One of our subsidiaries, Vistaprint Limited (domiciled in Bermuda), has been under income tax audit and subsequent administrative appeal by the IRS for the 2007 to 2009 tax years. The issue in dispute was whether U.S.

federal income tax should be imposed on Vistaprint Limited based on the assertion that it had income effectively connected with a U.S. Trade or Business. In November 2014, we received Form 870-AD from the IRS Office of Appeals that presented a finding of no additional tax owed by Vistaprint Limited. Accordingly, this matter is now concluded with no tax adjustments. In addition, one of our U.S. subsidiaries, Vistaprint USA, Incorporated, is currently under audit by the IRS for the 2012 and 2013 tax years. We anticipate this audit will close sometime in fiscal year 2015.

Vistaprint USA, Incorporated has received Notices of Assessment from the Massachusetts Department of Revenue ("DOR") related to the tax years 2006 to 2008 and 2010 to 2011. The Notices contain adjustments to taxable income for these years. The issue in dispute is whether the DOR has the right to impute royalty income to Vistaprint USA, Incorporated in the years at issue associated with the use of certain intangible property by Vistaprint Limited, even though that intangible property was transferred for a lump-sum payment to Vistaprint Limited in an earlier year that is closed to adjustment by virtue of the governing statute of limitations. The matter was recently under review by the DOR Office of Appeals. In July 2014, we received a Letter of Determination from the Office of Appeals rejecting our Application for Abatement and upholding the DOR's original assessments. In August 2014, we filed a petition to have our case heard by the Massachusetts Appellate Tax Board. At this time, the hearing for our case has not yet been set. We continue to believe that the DOR's position has no merit, and we intend to contest these assessments to the fullest extent possible.

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

12. Variable Interest Entities ("VIE")

VIE of Which We are the Primary Beneficiary

Investment in Printi LLC

On August 7, 2014, we made a capital investment in Printi LLC, which operates in Brazil. This investment provides us access to a new market and the opportunity to drive longer-term growth in Brazil. We paid $5,360 in cash for preferred shares and made a $2,850 capital contribution resulting in a 41.6% equity interest in Printi with call options to increase our ownership incrementally over a 9-year period. The first contingent call option is exercisable in the fourth quarter of fiscal 2015 for approximately $10,000 and would increase our ownership to 49.99%.

Based upon the level of equity investment at risk, Printi is considered a variable interest entity. The shareholders share profits and voting control on a pro-rata basis. While we do not manage the day to day operations of Printi, we do have the unilateral ability to exercise participating voting rights for specific transactions and as such no one shareholder is considered to be the primary beneficiary. However, certain significant shareholders cannot transfer their equity interests without our approval and as a result are considered de facto agents on our behalf in accordance with ASC 810-10-25-43.

In aggregating our rights, as well as those of our de facto agents, the group as a whole has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses and the right to receive benefits from the entity. In situations where a de facto agency relationship is present, one party is required to be identified as the primary beneficiary and the evaluation requires significant judgment. The factors considered include the presence of a principal/agent relationship, the relationship and significance of activities to the reporting entity, the variability associated with the VIE's anticipated economics and the design of the VIE. The analysis is qualitative in nature and is based on weighting the relative importance of each of the factors in relation to the specifics of the VIE arrangement. Upon our investment we performed an analysis and concluded that we are the party that is most closely associated with Printi, as we are most exposed to the variability of the economics and therefore considered the primary beneficiary.

As we are the primary beneficiary, our consolidated financial statements include the accounts of Printi from August 7, 2014. The results are immaterial to our consolidated statements of operations for the three and six months ended December 31, 2014. We have recognized the assets and liabilities on the basis of their fair values at the date of our investment, with any excess of the purchase price paid over the fair value of the net assets recorded as goodwill. Of the total purchase price, $7,469 was allocated to goodwill, $2,465 to noncontrolling interests, $697 to acquired intangible assets and $341 to net liabilities.

We have call options to increase our ownership in the subsidiary incrementally over a 9-year period with certain employee shareholders that are contingent upon their continued employment. As the employees restricted stock units are contingent on post-acquisition employment, share-based compensation will be recognized over the four year vesting period. The awards are considered liability awards and will be marked to fair value each reporting period. In order to estimate the fair value of the award as of December 31, 2014, we utilized a lattice model with a Monte Carlo simulation. The total fair value of the award is $5,808 and we have recognized $595 in general and administrative expense for the six months ended December 31, 2014.

VIE of Which We are Not the Primary Beneficiary

Namex Limited

In the fourth quarter of fiscal 2014, we disposed of our investment in Namex Limited and its related companies, as discussions with management identified different visions in the execution of the long-term strategic direction of the business. Prior to the sale, our investment was accounted for using the equity method, as the investment was considered a VIE and we were not the primary beneficiary. We recorded in net income a proportionate share of the earnings or losses of Namex, as well as related amortization, with a corresponding increase or decrease in the carrying value of the investment. For the three and six months ended December 31, 2013, we recorded a loss of $867 and $1,646, respectively, attributable to Namex in our consolidated statement of operations.

13. Noncontrolling Interests

In certain of our strategic investments we have purchased a controlling equity stake, but there remains a minority portion of the equity that is owned by a third party. The balance sheet and operating activity of these entities are included in our consolidated financial statements and we adjust the net income in our consolidated statement of operations to exclude the noncontrolling interests' proportionate share of results. We present the proportionate share of equity attributable to the redeemable noncontrolling interests as temporary equity within our consolidated balance sheet and the proportionate share of noncontrolling interests not subject to a redemption provision that is outside of our control are presented as equity.

Redeemable noncontrolling interests

On April 3, 2014 we acquired 97% of the outstanding corporate capital of Pixartprinting S.p.A. The remaining 3% is considered a redeemable noncontrolling equity interest, as it is redeemable for cash based on future financial results and not solely within our control. The redeemable noncontrolling interest was recorded at its fair value as of the acquisition date and will be adjusted to its redemption value on a periodic basis, if that amount exceeds its fair value. As of December 31, 2014, the redemption value is less than carrying value and therefore no adjustment has been made.

We own a 51% controlling interest in a joint business arrangement with Plaza Create Co. Ltd., a leading Japanese retailer of photo products, to expand our market presence in Japan. During fiscal 2014, we contributed $4,891 in cash and $1,100 in assets, and Plaza Create made an initial capital contribution of $4,818 in cash and $955 in assets. The 49% noncontrolling equity interest in the business is considered a redeemable noncontrolling interest as of December 31, 2014, due to certain default provisions contained in the agreement.

Noncontrolling interest

On August 7, 2014, we made a capital investment in Printi LLC as described in Note 12. The noncontrolling interest was recorded at its estimated fair value as of the investment date. The net income (loss) of the operations allocated to the noncontrolling interest considers our stated liquidation preference in applying the income or loss to each party.

The following table presents the changes in our noncontrolling interests for the six months ended December 31, 2014:

	Redeemable noncontrolling Interests	Noncontrolling interest
Balance as of June 30, 2014	$ 11,160	$ —
Acquisition of noncontrolling interest	—	2,465
Dividend paid to noncontrolling interest	(92)	—
Net loss attributable to noncontrolling interest	(212)	(812)
Foreign currency translation	(1,390)	(10)
Balance as of December 31, 2014	$ 9,466	$ 1,643

14. Segment Information

During the first quarter of fiscal 2015 we revised our internal management organizational and reporting structure to better align to our strategy of delivering mass customized products to multiple customer segments via various brands. Our operating segments are based upon our internal organization structure, the manner in which our operations are managed and the availability of separate financial information reported internally to the Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM") for purposes of making decisions about how to allocate resources and assess performance. The CODM measures and evaluates the performance of our operating segments based on revenue and income (loss) from operations. We have identified several operating segments under our new management reporting structure which are reported in the following two reportable segments:

- *Vistaprint Business Unit* - Aggregates the operations of our core Vistaprint branded business in the North America, Europe, Australia and New Zealand markets, and our Webs branded business, which is managed with the Vistaprint-branded digital business in the previously listed geographies.
- *All Other Business Units* - Includes the operations of our Albumprinter, Printdeal, Pixartprinting, and Most of World business units. Our Most of World business unit is focused on our emerging market portfolio, including operations in Brazil, India and Japan. These business units have been combined into one reportable segment based on materiality.

Consistent with our historical reporting, the cost of our global legal, human resource, finance, facilities management, software and manufacturing engineering, and the global component of our IT operations functions are generally not allocated to the reporting segments and are instead reported and disclosed under the caption "Corporate and global functions." Corporate and global functions is a cost center and does not meet the definition of an operating segment. We have revised our presentation of all prior periods presented to reflect our revised segment reporting.

There are no internal revenue transactions between our operating segments, and we do not allocate non-operating income to our segment results. All intersegment transfers are recorded at cost for presentation to the CODM, for example, we allocate costs related to products manufactured by our global network of production facilities to the applicable operating segment. There is no intercompany profit or loss recognized on these transactions.

The following factors, among others, may limit the comparability of income from operations by segment:

- We do not allocate support costs across operating segments or corporate and global functions.
- Some of our recently acquired business units are burdened by the costs of their local finance, HR, and other administrative support functions, whereas other business units leverage our global functions and do not receive an allocation for these services.
- Our All Other Business Units reporting segment includes our Most of World business unit, which has operating losses as it is in its early stage of investment relative to the scale of the underlying business.

Our balance sheet information is not presented to the CODM on an allocated basis, and therefore we do not present asset information by segment.

Revenue by segment is based on the business unit-specific websites through which the customer's order was transacted. The following tables set forth revenue and income from operations by reportable segment.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Revenue:				
Vistaprint Business Unit	$ 356,259	$ 344,865	$ 627,944	$ 600,645
All Other Business Units	83,646	25,942	145,893	45,251
Total revenue	$ 439,905	$ 370,807	$ 773,837	$ 645,896

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Income (loss) from operations:				
Vistaprint Business Unit	$ 115,450	$ 108,325	$ 192,516	$ 173,253
All Other Business Units	2,917	(3,477)	(2,855)	(9,631)
Corporate and global functions	(58,479)	(52,326)	(112,914)	(102,691)
Total income from operations	$ 59,888	$ 52,522	$ 76,747	$ 60,931

Enterprise Wide Disclosures:

The following tables set forth revenues by geographic area and groups of similar products and services:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
United States	$ 178,295	$ 175,809	$ 343,613	$ 330,709
Non-United States (1)	261,610	194,998	430,224	315,187
Total revenue	$ 439,905	$ 370,807	$ 773,837	$ 645,896

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Physical printed products and other (2)	$ 422,120	$ 350,471	$ 737,241	$ 604,771
Digital products/services	17,785	20,336	36,596	41,125
Total revenue	$ 439,905	$ 370,807	$ 773,837	$ 645,896

---

(1) Our non-United States revenue includes the Netherlands, our country of domicile. Revenue earned in any other individual country other than the United States was not greater than 10% of consolidated revenue for the years presented.

(2) Other revenue includes miscellaneous items which account for less than 1% of revenue.

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

	December 31, 2014	June 30, 2014
Long-lived assets (3):		
Netherlands	$ 95,627	$ 106,918
Canada	102,405	100,369
United States	89,106	49,037
Australia	29,265	35,367
Switzerland	34,713	31,201
Jamaica	24,629	25,431
Italy	27,019	20,356
Bermuda	7,061	7,570
India	8,994	6,958
Other	15,726	11,674
Total	$ 434,545	$ 394,881

(3) Excludes goodwill of $305,013 and $317,187, intangible assets, net of $94,887 and $110,214 and deferred tax assets of $12,987 and $8,762 as of December 31, 2014 and June 30, 2014, respectively.

15. Commitments and Contingencies

Lease Commitments

We have commitments under operating leases for our facilities that expire on various dates through 2026, inclusive of the Waltham lease arrangement discussed in Note 6. Total lease expense for the three and six months ended December 31, 2014 was $4,411 and $8,799, respectively, and $3,363 and $6,395, for the three and six months ended December 31, 2013.

We also lease certain machinery and plant equipment under both capital and operating lease agreements that expire at various dates through 2017. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at December 31, 2014, is $18,690, net of accumulated depreciation of $2,834; the present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at December 31, 2014 amounts to $16,152.

Purchase Obligations

At December 31, 2014, we had unrecorded commitments under contract of $24,176, which were principally composed of inventory purchase commitments of approximately $1,881, production and computer equipment purchases of approximately $14,430, and other unrecorded purchase commitments of $7,865.

Other Obligations

We have an outstanding installment obligation of $14,941 related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of December 31, 2014.

Legal Proceedings

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

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

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

Executive Overview

On November 14, 2014, pursuant to our shareholders' approval, we amended our articles of association to change our name to Cimpress N.V. and began trading on The Nasdaq Stock Market under the "CMPR" ticker symbol shortly after. We are a technology and manufacturing-driven company that aggregates, via the Internet, large volumes of individually small, customized orders for a broad spectrum of print, signage, apparel and similar products. We produce those orders in highly automated, capital and technology intensive production facilities in a manner that we believe makes our production techniques significantly more competitive than those of traditional suppliers. We bring our products to market via various brands that deliver marketing products and services to the small business, and home and family markets. These brands include Vistaprint, our leading global brand for micro business marketing products and services, as well as several brands that we have acquired that serve the needs of various market segments, including resellers, small and medium businesses with differentiated service needs, and consumers purchasing products for personal use.

In July 2014 we changed our internal management reporting structure from geographic-based segments to brand-based segments, resulting in the Vistaprint Business Unit and the All Other Business Units reportable segments. The Vistaprint Business Unit represents our core Vistaprint brand focused on the North America, Europe, Australia and New Zealand markets, and our Webs branded business, which is managed with the Vistaprint-branded digital business. The All Other Business Unit is an aggregation of the smaller branded businesses in our portfolio - Albumprinter, Printdeal (formerly known as People & Print Group), Pixartprinting, and Most of World business units.

For the three and six months ended December 31, 2014, we reported consolidated revenue of $439.9 million and $773.8 million, respectively, representing 19% and 20% reported revenue growth over the same period in the prior year. Our constant-currency revenue growth was 23% and 22%, respectively, for the three and six months ended December 31, 2014. Constant-currency revenue growth, excluding the revenue of businesses and brands acquired in the last twelve months, was 7% and 6%, respectively, for the three and six months ended December 31, 2014.

Diluted earnings per share for the three and six months ended December 31, 2014 was $1.89 and $2.62, respectively, increasing from $1.18 and $1.20 in the same prior year periods. This increase was driven by revenue performance, advertising efficiency and significant gains recognized from currency movements in the respective periods principally as a result of changes in the fair value of our currency forward contracts for which we have not elected hedge accounting and currency gains on intercompany loans. We have been successful in improving profitability and expanding our margins while we continue to make investments in product quality and software development in our core business, as well as investments such as FotoKnudsen and Printi outside of our core markets. We believe investments such as these, as well as our other key initiatives, will collectively enable us to scale and strengthen our competitive position and enhance long-term shareholder value.

Our long-term aspiration is to become the leader in mass customization globally, which we believe we can achieve through three focus areas:

- *What we are passionate about*: empowering millions of people to make an impression. We strive to make it easy and affordable for our customers to communicate through customized physical products the thoughts, messages, and sentiments that are important to them. Our products help enable small businesses to grow, families to share memories, and teams and associations to build community.

- *Where we can be best in the world*: computer-integrated manufacturing. Computer-integrated manufacturing harnesses the power of computers and software to control the entire production process to make manufacturing faster, less error-prone, more flexible, and lower cost.

- *What drives our economic engine*: large scale in small quantities. Traditional production economics are that per-unit production costs are low when items are produced in high quantities, and that per-unit production costs are high when items are produced in low quantities. By centrally aggregating and producing millions of customer orders via our technology and manufacturing scale, we are able to achieve per-unit economics much closer to traditional high-volume applications, but we deliver to customers an individual customized product in very small volumes. This enables us to achieve higher gross margins than traditional printing companies while at the same time offer lower prices to our customers.

Results of Operations

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

	Three months ended December 31,		Six months ended December 31,	
	2014	2013	2014	2013
As a percentage of revenue:				
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	35.6 %	32.6 %	37.1 %	33.5 %
Technology and development expense	10.6 %	11.5 %	11.7 %	13.2 %
Marketing and selling expense	31.6 %	33.5 %	32.4 %	35.1 %
General and administrative expense	8.6 %	8.2 %	8.9 %	8.8 %
Income from operations	13.6 %	14.2 %	9.9 %	9.4 %
Other income (expense), net	2.2 %	(0.9)%	2.8 %	(1.2)%
Interest income (expense), net	(0.7)%	(0.4)%	(0.8)%	(0.5)%
Income before income taxes and loss in equity interests	15.1 %	12.9 %	11.9 %	7.7 %
Income tax provision	0.9 %	1.6 %	0.8 %	1.1 %
Loss in equity interests	— %	0.2 %	— %	0.3 %
Net income	14.2 %	11.1 %	11.1 %	6.3 %
Add: Net loss attributable to noncontrolling interests	0.2 %	— %	0.1 %	— %
Net income attributable to Cimpress N.V.	14.4 %	11.1 %	11.2 %	6.3 %

In thousands

	Three Months Ended December 31,			Six Months Ended December 31,		
	2014	2013	2014 vs. 2013	2014	2013	2014 vs. 2013
Revenue	$ 439,905	$ 370,807	19%	$ 773,837	$ 645,896	20%

Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and by providing digital services, website design and hosting, and email marketing services, with a smaller percentage of revenue coming from order referral fees and other third-party offerings.

Vistaprint Business Unit

Revenue for the three and six months ended December 31, 2014 increased 3% and 5% to $356.3 million and $627.9 million, respectively, compared to the three and six months ended December 31, 2013 as the Vistaprint Business Unit experienced growth from the higher expectations market segment, strong repeat customer activity and increases in average order value. Our reported revenue growth was negatively affected by currency impacts during the three and six months ended December 31, 2014 of 4% and 2%, respectively, resulting in constant-currency revenue growth of 7% for each period. This growth was partially offset by a continued year over year decline in orders, particularly from the most price sensitive customers. We continue to experience improved revenue growth trends in the U.S., U.K. and Germany markets where we made major pricing and channel marketing changes in fiscal 2014. We delivered solid holiday results during this seasonally strong period, which followed the trend of our overall business of fewer higher-value orders as we strive to improve our customer value proposition. In addition we have seen year over year improvement in our customer Net Promoter Score™ (which polls our customers on their willingness to recommend us to friends and colleagues based on a score of 0 to 10).

We believe our current revenue growth rate remains below our historical levels because we are in the midst of a major transformation of our customer value proposition in our largest business, the Vistaprint brand. This multi-year transformation began in 2011 and is intended over time to improve customer loyalty and long-term returns through improvements to pricing consistency and transparency, site experience, customer communications, product selection, product quality, merchandising, marketing messaging and customer service. Some of these efforts continue to create revenue headwinds in certain markets as we move toward industry-standard marketing and merchandising approaches, reduce our use of free and deep discount promotions as tools for customer acquisition and retention, and reduce our advertising spend as a percentage of revenue and in absolute dollars.

All Other Business Units

Revenue for the three and six months ended December 31, 2014 increased to $83.6 million and $145.9 million, respectively from $25.9 million and $45.3 million in the prior comparable period, primarily due to the aggregate revenues of the recently acquired Printdeal, Pixartprinting and Fotoknudsen businesses of $54.1 million and $96.0 million, respectively.

Total revenue by reportable segment for the three and six months ended December 31, 2014 and 2013 are shown in the following table:

In thousands	Three months ended December 31,			Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant- Currency Revenue Growth
	2014	2013	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions (1)
Vistaprint Business Unit	$ 356,259	$ 344,865	3%	4%	7%	— %	7%
All Other Business Units	83,646	25,942	222%	7%	229%	(222)%	7%
Total revenue	$ 439,905	$ 370,807	19%	4%	23%	(16)%	7%

In thousands	Six months ended December 31,			Currency Impact:	Constant-Currency	Impact of Acquisitions:	Constant-Currency Revenue Growth
	2014	2013	% Change	(Favorable)/Unfavorable	Revenue Growth (1)	(Favorable)/Unfavorable	Excluding Acquisitions (1)
Vistaprint Business Unit	$ 627,944	$ 600,645	5%	2%	7%	— %	7%
All Other Business Units	145,893	45,251	222%	4%	226%	(221)%	5%
Total revenue	$ 773,837	$ 645,896	20%	2%	22%	(16)%	6%

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

Operating Expenses

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

In thousands

	Three Months Ended December 31,			Six Months Ended December 31,		
	2014	2013	2014 vs. 2013	2014	2013	2014 vs. 2013
Cost of revenue	$ 156,620	$ 120,789	30%	$ 286,840	$ 216,579	32%
% of revenue	*35.6%*	*32.6%*		*37.1%*	*33.5%*	
Technology and development expense	$ 46,625	$ 42,874	9%	$ 90,530	$ 85,121	6%
% of revenue	*10.6%*	*11.5%*		*11.7%*	*13.2%*	
Marketing and selling expense	$ 139,058	$ 124,128	12%	$ 250,885	$ 226,561	11%
% of revenue	*31.6%*	*33.5%*		*32.4%*	*35.1%*	
General and administrative expense	$ 37,714	$ 30,494	24%	$ 68,835	$ 56,704	21%
% of revenue	*8.6%*	*8.2%*		*8.9%*	*8.8%*	

Cost of revenue

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production costs, costs of free products and other related costs of products sold by us. Cost of revenue as a percent of revenue increased during the three and six months ended December 31, 2014, as the recently acquired Printdeal and Pixartprinting operations have a lower gross margin profile than our traditional business; however, these companies have lower marketing and selling costs.

Vistaprint Business Unit

The Vistaprint Business Unit cost of revenue increased to $110.9 million and $201.5 million for the three and six months ended December 31, 2014, respectively, as compared to $109.4 million and $195.3 million in the prior year periods. Our cost of revenue increased as we produced more units during the three and six months ended December 31, 2014 as compared to the same periods in fiscal 2014. This increase was partially offset by reductions in raw material pricing and shipping costs, as well as other productivity and efficiency gains of $5.5 million and $9.0 million, respectively.

All Other Business Units

The increase in cost of revenue to $45.8 million and $85.4 million for the All Other Business Units segment for the three and six months ended December 31, 2014, respectively, as compared to $9.6 million and $17.8 million in the comparative prior year periods, was primarily due to additional manufacturing costs of $34.2 million and $64.5 million, respectively, for the recently acquired Printdeal, Pixartprinting and FotoKnudsen operations.

Technology and development expense

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

The growth in our technology and development expenses of $3.8 million and $5.4 million for three and six months ended December 31, 2014, respectively, was primarily due to increased payroll and facility-related costs of $1.7 million and $5.0 million, respectively, as a result of an increase in headcount in our technology development and information technology support organizations. At December 31, 2014, we employed 917 employees in these organizations compared to 799 employees at December 31, 2013. Amortization expense increased by $0.5 million and $1.6 million, respectively, primarily due to the Printdeal, Pixartprinting and FotoKnudsen acquired businesses. Other technology and development expense increased $3.3 million and $3.1 million, respectively, primarily due to increased consulting fees. These expense increases were partially offset by a decline in share-based compensation expense of $1.4 million and $2.9 million, respectively, as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested as of December 31, 2013. Also during the three and six months ended December 31, 2014, we had higher net capitalization of software costs of $0.3 million and $1.4 million, respectively, due to an increase in current costs that qualified for capitalization during the fiscal year.

Marketing and selling expense

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

The increase in our marketing and selling expenses of $14.9 million and $24.3 million during three and six months ended December 31, 2014, respectively, as compared to the three and six months ended December 31, 2013 was primarily due to additional payroll and facility-related cost increases of $5.3 million and $7.8 million, respectively. We incurred these costs as we expanded our marketing and customer service, sales and design support organization through our recent acquisitions and continued investment in Vistaprint Business Unit customer service resources in order to provide higher value to our customers. At December 31, 2014, we employed 2,295 employees in these organizations compared to 1,839 employees at December 31, 2013. Amortization expense increased by $2.7 million and $6.0 million for the three and six months ended December 31, 2014, respectively, as a result of the customer and trademark related intangible assets acquired with the Printdeal, Pixartprinting, and FotoKnudsen businesses. Our advertising costs increased by $3.9 million and $4.7 million, respectively, due to the activity of our recently acquired operations, offset by advertising efficiency gains in the Vistaprint Business Unit. Other marketing and selling expenses also increased by $3.9 million and $7.5 million, respectively, due to increased employee travel, training, and recruitment costs. The increase in marketing and selling expense was partially offset by decreased share-based compensation expense of $0.9 million and $1.7 million during the three and six months ended December 31, 2014, respectively, as the restricted share awards granted as part of our fiscal 2012 Webs acquisition were fully vested at December 31, 2013.

General and administrative expense

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

During the three and six months ended December 31, 2014 our general and administrative expenses increased as compared to same period in fiscal 2014 by $7.2 million and $12.1 million, respectively, primarily due to an increase of $3.7 million and $7.4 million attributable to the increase in the fair value of the contingent consideration liability for both Printdeal and Pixartprinting since June 30, 2014. Payroll and share-based compensation expenses increased by $5.2 million, and $4.3 million during the three and six months ended December 31, 2014, respectively, as compared to the prior periods. At December 31, 2014 we employed 411 employees in these organizations compared to 396 employees at December 31, 2013.

Other income (expense), net

Other income (expense), net generally consists of gains and losses from currency exchange rate fluctuations on transactions or balances denominated in currencies other than the functional currency of our subsidiaries, as well as the realized and unrealized gains and losses on our derivative instruments. The following table summarizes the components of other income (expense), net:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Gains (losses) on derivative instruments	$ 4,191	$ (1,229)	$ 7,642	$ (6,438)
Currency related gains (losses), net	5,664	(1,980)	14,349	(1,597)
Total other income (expense), net	$ 9,855	$ (3,209)	$ 21,991	$ (8,035)

During the three and six months ended December 31, 2014, we recognized $9.9 million and $22.0 million of currency related gains, respectively, as compared to $3.2 million and $8.0 million of losses during the three and six months ended December 31, 2013, respectively. The increase in other income (expense), net is due in part to net gains of $4.2 million and $7.6 million, respectively, recognized on our currency forward contracts for which we did not apply hedge accounting, as compared to net losses of $1.2 million and $6.4 million that were recognized during the three and six months ended December 31, 2013. We expect this volatility to continue in future periods for contracts for which we do not apply hedge accounting.

In addition, changes in our corporate entity operating structure, effective on October 1, 2013, required us to alter our intercompany transactional and financing activities. We have significant non-functional currency intercompany financing relationships subject to currency exchange rate volatility. As the U.S. dollar strengthened significantly compared to certain currencies, we recognized gains of $5.7 million and $14.3 million during the three and six months ended December 31, 2014, as compared to $2.0 million and $1.6 million of losses during the three and six months ended December 31, 2013. Although we have recognized currency gains due to these intercompany financing relationships during the six months ended December 31, 2014, we expect to incur currency losses in our third fiscal quarter that could be significant as a result of the recent volatility in the currency markets particularly the strengthening of the Swiss Franc. This does not have a U.S. dollar cash impact for the consolidated group.

Interest expense, net

Interest expense, net was $3.0 million and $6.4 million for the three and six months ended December 31, 2014, respectively, and $1.6 million and $3.1 million, for the three and six months ended December 31, 2013, respectively. Interest expense, net primarily consists of interest paid to financial institutions on outstanding balances on our credit facility and amortization of debt issuance costs, and the increase in the current periods compared to the prior year periods is a result of increased borrowing levels under our credit facility.

Income tax provision

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Income tax provision	$ 3,850	$ 6,005	$ 6,082	$ 6,820
Effective tax rate	5.8%	12.6%	6.6%	13.7%

The decrease in tax expense is primarily attributable to tax benefits resulting from changes to our corporate entity operating structure that became effective on October 1, 2013, as further described below. Additionally, for the three months ended December 31, 2014 we recognized a tax benefit related to a reduction in our net liability for unrecognized tax benefits.

Our consolidated annual effective tax rate is primarily impacted by changes in the amount and geographical mix of consolidated pre-tax income. For fiscal 2015, we are forecasting a lower consolidated annual effective tax rate as compared to fiscal 2014, primarily as a result of a more favorable geographical mix of consolidated pre-tax earnings and greater tax benefits recognized as a result of the changes to our corporate entity operating structure described below. We expect our cash paid for income taxes for fiscal 2015 to be higher than our income tax expense as a result of non-cash tax benefits relating to tax losses for which the cash benefit is expected to occur in a future period.

On October 1, 2013, we made changes to our corporate entity operating structure, including transferring our intellectual property among certain of our subsidiaries, primarily to align our corporate entities with our evolving operations and business model. The transfer of assets occurred between wholly owned legal entities within the Cimpress group that are based in different tax jurisdictions. The impact of the transfer is recognized for income tax purposes only and not in our consolidated financial statements. As the impact of the transfer was the result of an intra-entity transaction, any resulting gain or loss and immediate tax impact on the transfer is eliminated and not recognized in the consolidated financial statements under U.S. GAAP. The transferor entity recognized a gain on the transfer of assets that was not subject to income tax in its local jurisdiction. However, the recipient entity receives a tax benefit associated with the future amortization of the fair market value of the intellectual property received, which for tax purposes will occur over a period of five years in accordance with the applicable tax laws.

We are currently under income tax audits in various jurisdictions. We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their technical merits. However, final resolutions are uncertain and there is a possibility that they could have a material impact on our financial condition, results of operations or cash flows. See Note 11 in our accompanying consolidated financial statements for additional discussion.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data:
In thousands

	Six Months Ended December 31,	
	2014	2013
Net cash provided by operating activities	$ 190,844	$ 94,904
Net cash used in investing activities	(65,543)	(51,564)
Net cash used in financing activities	(103,340)	(32,395)

At December 31, 2014, we had $77.9 million of cash and cash equivalents and $346.9 million of outstanding debt. Cash and cash equivalents increased by $15.4 million during the six months ended December 31, 2014. The cash flows during the six months ended December 31, 2014 related primarily to the following items:

Cash inflows:

- Net income of $86.3 million;
- Adjustments for non-cash items of $37.0 million primarily related to positive adjustments for depreciation and amortization of $47.4 million and share-based compensation costs of $12.1 million, offset by negative adjustments for unrealized currency-related gains of $22.1 million;
- Proceeds from borrowing of debt of $139.5 million; and
- Changes in working capital balances of $67.6 million primarily driven by improved management of accounts payable and accrued expenses and increased seasonal volume for marketing and shipping costs that have not yet been paid.

Cash outflows:

- Capital expenditures of $35.0 million of which $15.7 million were related to the purchase of manufacturing and automation equipment for our production facilities, $6.6 million were related to the purchase of computer equipment, and $12.7 million were related to purchases of other capital assets, including facility improvements and office equipment;
- Repayments of debt and debt issuance costs of $243.3 million;
- Payments for our FotoKnudsen acquisition and Printi minority investment, net of cash acquired, of $23.0 million; and
- Internal costs for software and website development that we have capitalized of $7.4 million.

Additional Liquidity and Capital Resources Information. During the six months ended December 31, 2014, we financed our operations and strategic investments through internally generated cash flows from operations and our debt financing. We currently plan to invest approximately $85 million to $95 million in total capital expenditures in fiscal 2015. The majority of planned fiscal 2015 capital investments are designed to support the planned long-term growth of the business. In fiscal 2015, we expect to spend approximately $20 million to build a new manufacturing facility in Japan as part of our joint venture. We also expect to invest approximately $20 million to expand our product lines and other new manufacturing capabilities. Due to our investments in recent years, our current liabilities continue to exceed our current assets; however, we believe that our available cash, cash flows generated from operations, and our debt financing capacity will be sufficient to satisfy our liabilities and planned investments to support our long-term growth strategy, including investments and capital expenditure requirements, for the foreseeable future.

As of December 31, 2014, approximately $75.4 million of our cash and cash equivalents was held by our subsidiaries, and undistributed earnings of our subsidiaries that are considered to be indefinitely reinvested were $114.0 million. However, we do not intend to repatriate such funds as the cash and cash equivalent balances are generally used and available, without legal restrictions, to fund ordinary business operations and investments of the respective subsidiaries. If there is a change in the future, the repatriation of undistributed earnings from certain subsidiaries, in the form of dividends or otherwise, could have tax consequences that could result in material cash outflows.

Debt. We have aggregate loan commitments under the credit agreement of a total of $848.0 million as of December 31, 2014. The loan commitments consist of revolving loans of $690.0 million and remaining term loans of $158.0 million.

In the next twelve months we will continue to use, as needed, our revolving credit facility or additional sources of borrowings in order to fund our ongoing operations, support our long-term growth through strategic investments, or purchase our ordinary shares. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. As of December 31, 2014, the amount available for borrowing under our credit facility was as follows:

In thousands

	December 31, 2014
Maximum aggregate available for borrowing	$ 848,000
Outstanding borrowings of credit facilities	(342,500)
Remaining amount	505,500
Limitations to borrowing due to debt covenants and other obligations (1)	(106,430)
Amount available for borrowing as of December 31, 2014 (2)	$ 399,070

(1) Our borrowing ability can be limited by our debt covenants each quarter. These covenants may limit our borrowing capacity depending on our leverage, other senior secured indebtedness, such as capital leases, letters of credit, and any other debt secured by a lien, as well as other factors that are outlined in the credit agreement.
(2) The use of available borrowings for share purchases, dividend payments, or corporate acquisitions is subject to more restrictive covenants that lower available borrowings for such purposes relative to the general availability described in the above table.

Debt Covenants. Our credit agreement contains financial and other covenants, including but not limited to the following:

(1) The credit agreement contains financial covenants calculated on a trailing twelve month, or TTM, basis that:

- our total leverage ratio, which is the ratio of our consolidated total indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 4.50 to 1.00.
- our senior secured leverage ratio, which is the ratio of our consolidated senior secured indebtedness (*) to our TTM consolidated EBITDA (*), will not exceed 3.25 to 1.00.
- our interest coverage ratio, which is the ratio of our consolidated EBITDA to our consolidated interest expense, will be at least 3.00 to 1.00.

(2) Purchases of our ordinary shares, payments of dividends, and corporate acquisitions and dispositions are subject to more restrictive consolidated leverage ratio thresholds than those listed above when calculated on a

proforma basis in certain scenarios. Also, regardless of our leverage ratio, the credit agreement limits the amount of purchases of our ordinary shares, payments of dividends, corporate acquisitions and dispositions, investments in joint ventures or minority interests, and consolidated capital expenditures that we may make. These limitations can include annual limits that vary from year-to-year and aggregate limits over the term of the credit facility. Therefore, our ability to make desired investments may be limited during the term of our revolving credit facility.

(3) The credit agreement also places limitations on additional indebtedness and liens that we may incur, as well as on certain intercompany activities.

(*) The definitions of EBITDA, consolidated total indebtedness, and consolidated senior secured indebtedness are contained in our credit agreement included as an exhibit to our Form 8-K filed on February 13, 2013, as amended by amendments no. 1 and no. 2 to the credit agreement included as exhibits to our Forms 8-K filed on January 22, 2014 and September 25, 2014.

As of December 31, 2014, we were in compliance with all financial and other covenants under the credit agreement.

In addition, we have an uncommitted line of credit with Santander Bank, N.A., and under the terms of the agreement we may borrow up to $25.0 million at any time, with a maturity date of up to 90 days from the loan origination date. Under the terms of our uncommitted line of credit, borrowings bear interest at a variable rate of interest that may change from time to time. As of December 31, 2014 the variable interest rate was determined based on LIBOR plus 1.20%. The LIBOR rate is determined on the date of borrowing and is based on the length of the specific loan. As of December 31, 2014 the weighted-average interest rate on outstanding borrowings of $5.0 million was 1.34%.

Contractual Obligations

Contractual obligations at December 31, 2014 are as follows:

In thousands

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases	$ 42,973	$ 10,145	$ 12,387	$ 7,948	$ 12,493
Build-to-suit lease	131,769	4,190	25,139	25,139	77,301
Purchase commitments	24,176	24,176	—	—	—
Debt and interest payments	387,612	24,520	51,534	311,558	—
Capital leases	14,684	6,097	6,660	1,927	—
Other	36,190	14,903	16,214	5,073	—
Total (1)	$ 637,404	$ 84,031	$ 111,934	$ 351,645	$ 89,794

(1) We may be required to make cash outlays related to our uncertain tax positions. However, due to the uncertainty of the timing of future cash flows associated with our uncertain tax positions, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, uncertain tax positions of $5.6 million as of December 31, 2014 have been excluded from the contractual obligations table above. For further information on uncertain tax positions, see Note 11 to the accompanying consolidated financial statements.

Operating Leases. We rent office space under operating leases expiring on various dates through 2024. Future minimum rental payments required under our leases are an aggregate of approximately $43.0 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and a letter of credit in the amount of $1.7 million and $1.0 million, respectively.

Build-to-suit lease. In July 2013, we executed a lease for an eleven-year term to move our Lexington, Massachusetts, USA operations to a new facility in Waltham, Massachusetts, USA, that is expected to commence in the first quarter of fiscal 2016. Please refer to Note 6 in the accompanying consolidated financial statements for additional details.

Purchase Commitments. At December 31, 2014, we had unrecorded commitments under contract of $24.2 million, which were composed of inventory purchase commitments of approximately $1.9 million, production and computer equipment purchases of approximately $14.4 million, and other unrecorded purchase commitments of $7.9 million.

Debt. The term loans outstanding under our credit agreement have repayments due on various dates through September 23, 2019, with the revolving loans due on September 23, 2019. Interest payable included in this table is based on the interest rate as of December 31, 2014 and assumes all revolving loan amounts outstanding will not be paid until maturity, but that the term loan amortization payments will be made according to our defined schedule.

Capital leases. We lease certain machinery and plant equipment under capital lease agreements that expire at various dates through 2017. The aggregate carrying value of the leased equipment under capital leases included in property, plant and equipment, net in our consolidated balance sheet at December 31, 2014, is $18.7 million, net of accumulated depreciation of $2.8 million. The present value of lease installments not yet due included in other current liabilities and other liabilities in our consolidated balance sheet at December 31, 2014 amounts to $16.2 million.

Other Obligations. Other obligations include an installment obligation of $14.9 million related to the fiscal 2012 intra-entity transfer of the intellectual property of our subsidiary Webs, Inc., which resulted in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of December 31, 2014. Other obligations also include the fair value of the contingent consideration payments related to our fiscal 2014 acquisitions of Printdeal and Pixartprinting of $21.2 million. The Pixartprinting liability is based on calendar 2014 revenue and EBITDA targets and is payable in the third quarter of fiscal 2015. The Printdeal liability is payable during the third quarter of fiscal 2016 and is contingent upon the achievement of an initial 2014 EBITDA margin threshold but ultimately payable based on achieving certain revenue and EBITDA results for calendar year 2015. Please refer to Note 3 in the accompanying consolidated financial statements for additional details.

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

Interest Rate Risk. Our exposure to interest rate risk relates primarily to our cash, cash equivalents and debt. As of December 31, 2014, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. Due to the nature of our cash and cash equivalents, we do not believe we have a material exposure to interest rate fluctuations.

As of December 31, 2014, we had $346.9 million of variable rate debt and $14.9 million of variable rate installment obligation related to the fiscal 2012 intra-entity transfer of Webs' intellectual property. As a result, we have exposure to market risk for changes in interest rates related to these obligations. In order to mitigate our exposure to interest rate changes related to our variable rate debt, we execute interest rate swap contracts to fix the interest rate on a portion of our outstanding long-term debt with varying maturities. As of December 31, 2014, a hypothetical 100 basis point increase in rates, inclusive of our outstanding interest rate swaps, would result in an increase of interest expense of approximately $1.3 million over the next 12 months.

Currency Exchange Rate Risk. We conduct business in multiple currencies through our worldwide operations but report our financial results in U.S. dollars. Our international revenues, as well as costs and expenses denominated in currencies other than the U.S. dollar, expose us to the risk of fluctuations in exchange rates of such currencies versus the U.S. dollar. Our most significant net currency exposures are the British pound, Canadian Dollar and Swiss Franc, although our exposures to these and other currencies fluctuate, particularly in our fiscal second quarter. A summary of our currency risk is as follows:

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

  We use currency forward contracts to protect or mitigate our forecasted U.S. dollar-equivalent cash flows from adverse changes in currency exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse currency exchange rate movements. We elected to execute currency forward contracts that do not qualify for hedge accounting. As a result, we may experience volatility in our consolidated statements of operations due to (i) the impact of unrealized gains and losses reported in other income (expense), net on the mark-to-market of outstanding contracts and (ii) realized gains and losses recognized in other income (expense), net, whereas the offsetting gains and losses are reported in the line item of the underlying cash flow, for example, revenue.

- *Translation of our non-U.S. dollar assets and liabilities*: Each of our subsidiaries translates its assets and liabilities to U.S. dollars at current rates of exchange in effect at the balance sheet date. The resulting gains and losses from translation are included as a component of accumulated other comprehensive loss on the consolidated balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.

- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income (expense), net on the consolidated statements of operations. Certain of our subsidiaries hold intercompany loans denominated in U.S. dollars with another group company, which may be different from the functional currency of one of the subsidiary loan parties. Due to the significance of these balances, the revaluation of intercompany loans can have a material impact on other income (expense), net. We expect these impacts may be volatile in the future, although do not have a U.S. dollar cash impact for the consolidated group. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the impact these changes would have had on our income before taxes in the near term. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of $20.9 million and $6.7 million on our income before taxes for the three months ended December 31, 2014 and 2013, respectively.

Item 4. *Controls and Procedures*

Disclosure 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 December 31, 2014. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, 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 December 31, 2014, 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.

Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the six months ended ended December 31, 2014 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. *Risk Factors*

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

Risks Related to Our Business

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

We may not achieve the objectives of our long-term investment and financial strategy, our financial projections relating to the growth and development of our business may turn out to be incorrect, and our investments in our business may fail to positively impact our results and growth as anticipated. Some of the factors that could cause our investment strategy and our overall business strategy to fail to achieve our objectives include, among others:

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

In addition, projections are inherently uncertain and are based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future in ways that may be beyond our control. Our actual results may differ materially from our projections due to various factors, including the factors listed immediately above and in the risk factor below entitled "Our quarterly financial results will often fluctuate," which is also applicable to longer-term results.

If our strategy is not successful, or if there is a market perception that our strategy is not successful, then our revenue and earnings may not grow as anticipated or may decline, we may not be profitable, our reputation and brand may be damaged, and the price of our shares may decline. In addition, we may change our strategy from time to time, which can cause fluctuations in our financial results and volatility in our share price.

If we are unable to attract visitors to our websites and convert those visitors to customers, our business and results of operations could be harmed.

Our success depends on our ability to attract new and repeat 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 such as Google and Yahoo!, e-mail, direct mail, advertising banners and other online links, broadcast media, and word-of-mouth customer referrals. If the search engines on which we rely modify their algorithms, terminate their relationships with us, or increase the prices at which we may purchase listings, our costs could increase, and fewer customers may click through to our websites. If we are not effective at reaching new and repeat customers, if fewer customers click through to our websites, or if the costs of attracting customers using our current methods significantly increase, then traffic to our websites would be reduced, our revenue and net income could decline, and our business and results of operations would be harmed.

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

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

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

In addition, our internal research shows that an increasing number of current and potential customers access our websites using smart phones or tablet computing devices and that our website visits using traditional desktop computers may be declining. Designing and purchasing custom designed products on a smart phone, tablet, or other mobile device is more difficult than doing so with a traditional computer due to limited screen sizes and bandwidth constraints. If our customers and potential customers have difficulty accessing and using our websites and technologies, then our revenue could decline.

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

A primary component of our business strategy is to promote and strengthen our brands to attract new and repeat customers to our websites, and we face significant competition from other companies in our markets who also seek to establish strong brands. To promote and strengthen our brands, we must incur substantial marketing expenses and establish a relationship of trust with our customers by providing a high-quality customer experience. Providing a high-quality customer experience requires us to invest substantial amounts of resources in our website development, design and technology, graphic design operations, production operations, and customer service operations. Our ability to provide a high-quality customer experience is also dependent on external factors over which we may have little or no control, including the reliability and performance of our suppliers, third-party carriers, and communication infrastructure providers. If we are unable to promote our brands or provide customers with a high-quality customer experience, we may fail to attract new customers, maintain customer relationships, and sustain or increase our revenues.

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

Our revenues and operating results often vary significantly from quarter to quarter due to a number of factors, some of which are inherent in our business strategies but many of which are outside of our control. We target annual, rather than quarterly, financial objectives which can lead to fluctuations in our quarterly results. Other 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 products and services, in particular during our second fiscal quarter;
- currency and interest rate fluctuations, which affect our revenues and costs;
- hedging activity that does not qualify for, or for which we do not elect, hedge accounting;
- our ability to attract visitors to our websites and convert those visitors into customers;
- our ability to retain customers and generate repeat purchases;
- shifts in product mix toward less profitable products;
- our ability to manage our production, fulfillment, and support operations;
- costs to produce and deliver our products and provide our services, including the effects of inflation;
- our pricing and marketing strategies and those of our competitors;
- investments in our business in the current period intended to generate or support revenues and operations in future periods;
- expenses and charges related to our compensation agreements with our executives and employees;
- costs and charges resulting from litigation;
- significant increases in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- changes in our income tax rate;
- costs to acquire businesses or integrate our acquired businesses;
- impairments of our tangible and intangible assets including goodwill; and
- the results of our minority investments and joint ventures.

Some of our expenses, such as office leases, depreciation related to previously acquired property and equipment, and personnel costs, are relatively fixed, and we may be unable to adjust operating expenses quickly enough to offset any revenue shortfall. Accordingly, any shortfall in revenue may cause significant variation in operating results in any quarter. Based on the above factors, among others, we believe that quarter-to-quarter comparisons of our operating results may not be a good indication of our future performance. Our operating results may sometimes be below the expectations of public market analysts and investors, in which case the price of our ordinary shares will likely decline.

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

We currently operate production facilities or offices in 17 countries and have many localized websites across our 14 customer-facing brands to serve various geographic markets. We expect to establish operations and sell our products and services in additional geographic regions, including emerging markets, where we may have limited or no experience. We may not be successful in all regions in which we invest or where we establish operations, which may be costly to us. We are subject to a number of risks and challenges that relate to our global operations and expansion, including, among others:

- difficulty managing operations in, and communications among, multiple locations and time zones;
- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, and other costs;
- local regulations that may restrict or impair our ability to conduct our business as planned;
- protectionist laws and business practices that favor local producers and service providers;
- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;
- challenges of working with local business partners in some regions, such as Japan and Brazil;
- our failure to properly understand and develop graphic design content and product formats appropriate for local tastes;
- disruptions caused by political and social instability that may occur in some countries;
- corrupt business practices, such as bribery, that may be common in some countries;
- difficulty expatriating our earnings from some countries;
- difficulty importing and exporting our products across country borders and difficulty complying with customs regulations in the many countries where we sell products;
- disruptions or cessation of important components of our international supply chain;
- the challenge of complying with disparate laws in multiple countries;
- restrictions imposed by local labor practices and laws on our business and operations; and
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

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

Acquisitions and strategic investments may be disruptive to our business.

A component of our strategy is to selectively pursue acquisitions of businesses, technologies, or services and invest in businesses and joint ventures. The time and expense associated with finding suitable businesses, technologies, or services to acquire or invest in can be disruptive to our ongoing business and divert our management's attention. In addition, we have needed in the past, and may need in the future, to seek financing for acquisitions and investments, which may not be available on terms that are favorable to us, or at all, and can cause dilution to our shareholders, cause us to incur additional debt, or subject us to covenants restricting the activities we may undertake.

Integrating newly acquired businesses, technologies, and services and monitoring and managing our investments and joint ventures are complex, expensive, time consuming, and subject to many risks, including the following:

- We may not be able to retain customers and key employees of the acquired businesses, and we and the businesses we acquire or invest in may not be able to cross sell products and services to each other's customers.

- An acquisition or investment may fail to achieve our goals and expectations because we fail to integrate the acquired business, technologies, services, or internal systems effectively, the integration is more expensive or takes more time than we anticipated, the management of our investment is more expensive or takes more resources than we expected, or the business we acquired or invested in does not perform as well as we expected.

- In some cases, our acquisitions and investments are dilutive for a period of time, leading to reduced earnings.

- Acquisitions and investments can result in increased expenses including impairments of goodwill and intangible assets if financial goals are not achieved, assumptions of contingent or unanticipated liabilities, or increased tax costs.

The accounting for our acquisitions requires us to make significant estimates, judgments, and assumptions that can change from period to period, based in part on factors outside of our control, and can create volatility in our financial results. For example, we often pay a portion of the purchase price for our acquisitions in the form of an earn-out based on performance targets for the acquired companies, which can be difficult to forecast. We accrue liabilities for estimated future contingent earn-out payments based on an evaluation of the likelihood of achievement of the contractual conditions underlying the earn-out and weighted probability assumptions of the required outcomes. If in the future our assumptions change and we determine that higher levels of achievement are likely under our earn-outs, we will need to pay and record additional amounts to reflect the increased purchase price. These additional amounts could be significant and could adversely impact our results of operations. In addition, earn-out provisions can lead to disputes with the sellers about the achievement of the earn-out performance targets, and earn-out performance targets can sometimes create inadvertent incentives for the acquired company's management to take actions designed to maximize the earn-out instead of benefiting the business.

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

Our business is highly seasonal. Our second fiscal quarter includes the majority of the holiday shopping season and accounts for a disproportionately high portion of our earnings for the year, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. Revenue during the second fiscal quarter represented 30%, 30%, and 29% of annual revenue in the years ended June 30, 2014, 2013, and 2012, respectively, and operating income during the second fiscal quarter represented 61%, 72%, and 59% of annual operating income in the years ended June 30, 2014, 2013, and 2012, respectively. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases, and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. In addition, if our manufacturing and other operations are unable to keep up with the high volume of orders during our second fiscal quarter, we and our customers can experience delays in order fulfillment and delivery and other disruptions. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

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

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

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

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

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

Our production facilities, websites, infrastructure, supply chain, customer service centers, and operations may be vulnerable to interruptions, and we do not have redundancies or alternatives in all cases to carry on these operations in the event of an interruption. In addition, because we are dependent in part on third parties for the implementation and maintenance of certain aspects of our communications and production systems, we may not be able to remedy interruptions to these systems in a timely manner or at all due to factors outside of our control. Some of the events that could cause interruptions in our operations or systems are, among others:

- fire, flood, earthquake, hurricane, or other natural disaster or extreme weather, especially in Bermuda, where the computer hardware for our websites is located, and Jamaica, where our largest customer service center is located, both of which locations are subject to the risk of hurricanes;
- labor strike, work stoppage, or other issue with our workforce;
- political instability or acts of terrorism or war;
- power loss or telecommunication failure;
- attacks on our external websites or internal network by hackers or other malicious parties;
- undetected errors or design faults in our technology, infrastructure, and processes that may cause our websites to fail;
- inadequate capacity in our systems and infrastructure to cope with periods of high volume and demand; and
- human error, including poor managerial judgment or oversight.

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

We face intense competition, and we expect our competition to continue to increase.

The markets for small business marketing products and services and home and family custom products, including the printing and graphic design market, are intensely competitive, highly fragmented, and geographically dispersed. The competitive landscape for e-commerce companies continues to change as new e-commerce businesses are introduced and traditional “bricks and mortar” businesses establish an online presence. Competition may result in price pressure, reduced profit margins and loss of market share and brand recognition, any of which could substantially harm our business and results of operations. Current and potential competitors include:

- traditional offline printers and graphic design providers;
- online printing and graphic design companies, many of which provide printed products and services similar to ours;
- office superstores, drug store chains, food retailers and other major retailers targeting small business and consumer markets;
- wholesale printers;
- self-service desktop design and publishing using personal computer software with a laser or inkjet printer and specialty paper;
- email marketing services companies;
- website design and hosting companies;
- suppliers of customized apparel, promotional products and gifts;
- online photo product companies;
- Internet firms and retailers; and
- other digital marketing such as social media, local search directories and other providers.

Many of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition or loyalty, more focus on a given subset of our business, or significantly greater financial, marketing, and other resources. Many of our competitors currently work together, and additional competitors may do so in the future through strategic business agreements or acquisitions. Competitors may also develop new or enhanced products, technologies or capabilities that could render many of the products, services and content we offer obsolete or less competitive, which could harm our business and results of operations.

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

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

Demand for our products and services, in particular in the Price Primary Market Segment where we generate most of our business, is sensitive to price, and changes in our pricing strategies have a significant impact on our revenues and results of operations. For example, recent changes to our pricing and marketing strategies have adversely affected our revenue growth in some regions. Many factors can significantly impact our pricing and marketing strategies, including the costs of running our business, our competitors' pricing and marketing strategies, and the effects of inflation. We offer some free or discounted products and services as a means of attracting customers and encouraging repeat purchases, but these free offers and discounts reduce our profit margins and may not result in repeat business to increase our revenues. As we continue our strategy of reducing the frequency of free and deep discount promotions as a customer acquisition and retention tool, we have seen resulting declines in both the number of new customers that purchase from us and short-term repeat orders, despite a consistent trend of higher average order value. There can be no assurance that this trend can be reversed or that the higher average order value that we recently experienced will continue. If we fail to meet our customers' price expectations, our business and results of operations will suffer.

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

We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any compromise or breach of our network or the technology that we use to protect our network, our employee personal data, and our customer transaction data, including credit and debit card information, could damage our reputation and brand; expose us to losses, litigation, and possible liability; result in a failure to comply with legal and industry privacy regulations and standards; lead to the misappropriation of our and our customers' proprietary information; or cause interruptions in our operations. In addition, some of our partners also collect information from transactions with our customers, and we may be liable or our reputation may be harmed if our partners fail to protect our customers' information or use it in a manner that is inconsistent with legal and industry privacy regulations or our practices.

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

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

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

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

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

We are subject to safety, health, and environmental laws and regulations, which could result in liabilities, cost increases or restrictions on our operations.

We are subject to a variety of safety, health and environmental ("SHE") laws and regulations in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the storage, handling and disposal of hazardous and other regulated substances and wastes, soil and groundwater contamination and employee health and safety. We use regulated substances such as inks and solvents, and generate air emissions and other discharges at our manufacturing facilities, and some of our facilities are required to hold environmental permits. If we fail to comply with existing SHE requirements, or new, more stringent SHE requirements applicable to us are imposed, we may be subject to monetary fines, civil or criminal sanctions, third-party claims or the limitation or suspension of our operations. In addition, if we are found to be responsible for hazardous substances at any location (including, for example, offsite waste disposal facilities or facilities at which we formerly operated), we may be responsible for the cost of cleaning up contamination, regardless of fault, as well as to claims for harm to health or property or for natural resource damages arising out of contamination or exposure to hazardous substances.

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

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

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

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

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

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

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

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

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

For the fiscal years ended June 30, 2014 and June 30, 2013 we derived 51% and 52% of our revenue, respectively, from sales to customers in the United States. We produce substantially all physical products for our United States customers at our facility in Ontario, Canada, and the United States imposes restrictions on shipping goods into the United States from Canada, as well as protectionist measures such as customs duties and tariffs that may apply directly to product categories comprising a material portion of our revenues. The customs laws, rules and regulations that we are required to comply with are complex and subject to unpredictable enforcement and modification. We have from time to time experienced delays in shipping our manufactured products into the United States as a result of these restrictions.

In the future, the United States could impose further border controls, tariffs and restrictions, interpret or apply regulations in a manner unfavorable to the importation of products from outside the United States, or take other actions that have the effect of restricting the flow of goods from Canada and other countries into the United States, up to and including shutting down the United States-Canada border for an extended period of time. If we experience greater difficulty or delays shipping products into the United States or are foreclosed from doing so, or if our costs and expenses materially increased, our business and results of operations could be harmed.

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

We rely on a combination of patents, trademarks, trade secrets and copyrights and contractual restrictions to protect our intellectual property, but these protective measures afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to copy or use technology or information that we consider proprietary. There can be no guarantee that any of our pending patent applications or continuation patent applications will be granted, and from time to time we face infringement, invalidity, intellectual property ownership, or similar claims brought by third parties with respect to our patents. In addition, despite our trademark registrations throughout the world, our competitors or other entities may adopt names, marks, or domain names similar to ours, thereby impeding our ability to build brand identity and possibly leading to customer confusion. For example, 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, and courts do not always side with the trademark owners in cases involving search engines. Enforcing our intellectual property rights can be extremely costly, and a failure to protect or enforce these rights could damage our reputation and brands and substantially harm our business and results of operations.

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

From time to time, we receive claims from third parties that we infringe their intellectual property rights, that we are required to enter into patent licenses covering aspects of the technology we use in our business, or that we improperly obtained or used their confidential or proprietary information. Any litigation, settlement, license, or other proceeding relating to intellectual property rights, even if we settle it or it is resolved in our favor, could be costly, divert our management's efforts from managing and growing our business, and create uncertainties that may make it more difficult to run our operations. If any parties successfully claim that we infringe their intellectual property rights, we might be forced to pay significant damages and attorney's fees, and we could be restricted from using certain technologies important to the operation of our business.

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

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

Our suppliers' failure to use legal and ethical business practices could negatively impact our business.

We source the raw materials for the products we sell from a wide variety of suppliers worldwide, and we require our suppliers to operate in compliance with all applicable laws, including those regarding working conditions, employment practices, safety and health, and environmental compliance. However, we cannot control our suppliers' business practices. If any of our suppliers violates labor, environmental, or other laws or implements business practices that are regarded as unethical, our reputation could be severely damaged, and our supply chain could be interrupted, which could harm our sales and results of operations.

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

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

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

Because of our focus on automation and high volumes, the vast majority of our sales do not involve any human-based review of content. Although our websites' terms of use specifically require customers to make representations about the legality and ownership of the content they upload for production, there is a risk that a customer may supply an image or other content for an order we produce that is the property of another party used without permission, that infringes the copyright or trademark of another party, or that would be considered to be defamatory, hateful, obscene, or otherwise objectionable or illegal under the laws of the jurisdiction(s) where that customer lives or where we operate. If we were to become legally obligated to perform manual screening of customer orders, our costs would increase significantly, and we could be required to pay substantial penalties or monetary damages for any failure in our screening process.

We are subject to customer payment-related risks.

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

As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud risk. For some 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. Any claims, litigation, or recalls relating to product liability could be costly to us and damage our brands and reputation.

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

From time to time we have difficulty obtaining a domain name using Vistaprint or our other trademarks in a particular country or region, and we may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. If we are unable to use a domain name in a particular country, then we could be forced to purchase the domain name from an entity that owns or controls it, which we may not be able to do on commercially acceptable terms or at all; we may incur significant additional expenses to develop a new brand to market our products within that country; or we may elect not to sell products in that country.

We do not collect indirect taxes in all jurisdictions, which could expose us to tax liabilities.

In some of the jurisdictions where we sell products and services, we do not collect or have imposed upon us sales, value added or other consumption taxes, which we refer to as indirect taxes. The application of indirect taxes to e-commerce businesses such as Cimpress is a complex and evolving issue, and in many cases, it is not clear how existing tax statutes apply to the Internet or e-commerce. For example, some state governments in the United States have imposed or are seeking to impose indirect taxes on Internet sales. A successful assertion by one or more governments in jurisdictions where we are not currently collecting sales or value added taxes that we should be, or should have been, collecting indirect taxes on the sale of our products could result in substantial tax liabilities for past sales.

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

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

Risks Related to Our Corporate Structure

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

We are a Dutch limited liability company that operates through various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. From time to time, we are subject to tax audits, and the tax authorities in these countries could claim that a greater portion of the income of the Cimpress N.V. group should be subject to income or other tax in their respective jurisdictions, which could result in an increase to our effective tax rate and adversely affect our results of operations. For more information about audits to which we are currently subject refer to Note 11 “Income Taxes” in the accompanying notes to the consolidated financial statements included in Item 1 of Part I of this Report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We believe that we were not a PFIC for the tax year ended June 30, 2014 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC for our current tax year or for any subsequent year.

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

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

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

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

We will pay taxes even if we are not profitable on a consolidated basis, which would harm our results of operations.

The intercompany service and related agreements among Cimpress N.V. and its direct and indirect subsidiaries ensure that many of the subsidiaries realize profits based on their operating expenses. As a result, if the Cimpress group is less profitable, or even not profitable on a consolidated basis, many of our subsidiaries will be profitable and incur income taxes in their respective jurisdictions.

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

On December 11, 2014, in order to provide us with flexibility to repurchase our ordinary shares at times when our management believes it may be beneficial for our business, our Supervisory Board authorized the repurchase of up to 6,400,000 of our issued and outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the U.S. Securities Exchange Act of 1934), through privately negotiated transactions, or in one or more self-tender offers. This share repurchase authorization expires on May 12, 2016, and we may suspend or discontinue the repurchase program at any time. Our Supervisory Board approved this repurchase program pursuant to the authorization we received from our shareholders in November 2014. This new repurchase program replaced the previous program that our Supervisory Board approved in May 2014.

We did not repurchase any shares during the three months ended December 31, 2014, and 6,400,000 shares remain available for repurchase under this program, subject to certain limitations imposed by our credit agreement.

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.

January 30, 2015	Cimpress N.V.	
	By:	/s/ Ernst J. Teunissen
		Ernst J. Teunissen
		Chief Financial Officer
		(Principal Financial Officer)
	By:	/s/ Sean E. Quinn
		Sean E. Quinn
		Chief Accounting Officer
		(Principal Accounting Officer)

EXHIBIT INDEX

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

____

* Submitted electronically herewith.

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

ARTICLES OF ASSOCIATION OF

CIMPRESS N.V.

(informal translation)

having its seat in Venlo, as these read after the execution of the deed of amendment of the articles of association executed on 14 January 2015 before M.A.J. Cremers, civil-law notary in Amsterdam.

The company is registered in the trade register under number 14117527.

Definitions
Article 1.

The following definitions shall apply in these articles of association:

a. general meeting: the body consisting of the shareholders entitled to vote and other persons entitled to vote as well as the meeting of shareholders and other persons entitled to attend meetings;

b. subsidiary: has the meaning as referred to in article 2:24a Dutch Civil Code;

c. group: has the meaning as referred to in article 2:24b Dutch Civil Code;

d. group company: a legal entity or company with which the company is affiliated in a group;

e. dependent company: has the meaning as referred to in article 2:152 Dutch Civil Code;

f. persons with voting rights: holders of shares with voting rights as well as holders of a right of usufruct on shares with the right to vote and holders of a right of pledge with a right to vote;

g. persons with meeting rights: persons with voting rights as well as shareholders who do not have the right to vote;

h. Management Board: management board of the company;

i. Supervisory Board: supervisory board of the company;

j. written/in writing: with respect to the provision of these articles of association the requirement of being in writing shall also be complied with if the notification, announcement, statement, acknowledgement, decision-making, power of attorney, vote or request, have been laid down electronically.

Name and seat
Article 2.

1. The name of the company is: Cimpress N.V.

2. The company has its seat in Venlo.

3. The company may have branch offices and branch establishments in other jurisdictions.

Objects
Article 3.

The objects of the company are:

- to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice and other services, including in relation to the conduct of online commerce;

- to acquire, use and/or assign industrial and intellectual property rights and real property;

- to invest funds;

- the borrowing, lending and raising funds, including the issuance of bonds, promissory notes or other securities or evidence of indebtedness as well as entering into agreements in connection with these activities;

- to provide security for the obligations of legal persons or of other companies with which the company is affiliated in a group or for the obligations of third parties, including by means of issuing guarantees and pledging collateral;

- to undertake all that which is connected to the foregoing or in furtherance thereof,

all in the broadest sense of the words.

Capital and shares
Article 4.

1. The company's authorized capital amounts to two million euros (EUR 2,000,000) and is divided into one hundred million (100,000,000) ordinary shares and one hundred million (100,000,000) preferred shares, each share with a par value of one euro cent (EUR 0.01).

2. Wherever the term 'shares' or 'shareholders' is used in the present articles of association this shall be construed to mean the classes of shares mentioned in paragraph 1 or the respective holders of those classes of shares, unless the contrary has been stated explicitly or appears from the context.

3. All shares shall be registered shares.

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

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

The issue of shares
Article 5.

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

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

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

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

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

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

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

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

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

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

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

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

5. The previous provisions of this article shall apply *mutatis mutandis* to granting rights to acquire shares, but do not apply to the issue of shares to a party exercising a previously obtained right to acquire shares.

6. Issue of shares shall never be below par, without prejudice to the provisions of article 2:80 paragraph 2 Dutch Civil Code.

7. Ordinary shares shall be issued against payment of at least the nominal value; preferred shares may be issued against partial payment, provided that at least one fourth of the nominal value must be paid upon the issuance.

8. Payment on shares must be made in cash to the extent that no other contribution has been agreed, subject to the provisions of article 2:80b Dutch Civil Code.

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

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

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

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

Pre-emptive rights
Article 6.

1. Without prejudice to the applicable legal provisions, upon the issue of ordinary shares, each holder of ordinary shares has a pre-emptive right in proportion to the aggregate amount of ordinary shares held by him.

2. Upon the issue of preferred shares, every holder of preferred shares has a pre-emptive right in proportion to the aggregate amount of preferred shares held by him.

3. Holders of preferred shares have no pre-emptive right to ordinary shares to be issued. Holders of ordinary shares have no pre-emptive right to preferred shares to be issued.

4. A shareholder shall have no pre-emptive right in respect of shares:

   - issued for a non-cash contribution;
   - issued to employees of the company or of a group company; and
   - that are issued to a party exercising a previously obtained right to acquire shares.

5. The Management Board shall announce an issue with pre-emptive rights and the time frame within which the pre-emptive rights may be exercised in the Government Gazette (*Staatscourant*), in the official price list, and in a national daily distributed newspaper and in such other manner as may be required to comply with applicable stock exchange regulations, if any, unless the announcement to all holders of shares is made in writing and sent to the address stated by them.

6. The pre-emptive right may be exercised at least two weeks after the day of the announcement in the Government Gazette or, if the announcement is made in writing, at least two weeks after the day of the mailing of the announcement.

7. The pre-emptive right may be restricted or excluded by resolution of the general meeting or by the Management Board if designated thereto by the general meeting, for a period not exceeding five years, and also authorized to issue shares during that period.

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

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

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

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

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

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

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

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

Own shares, right of pledge on own shares
Article 7.

1. The company cannot subscribe for shares in its own capital.

2. Any acquisition by the company of shares in its own capital that are not fully paid-up shall be null and void.

3. In accordance with the provisions of article 2:98 Dutch Civil Code, the company may acquire fully paid-up shares in its own capital if:

   a. the shareholders' equity less the acquisition price is not less than the sum of the paid in and called up part of its capital and the reserves that it is required to maintain by law;

b. the nominal value of the shares to be acquired in its capital, which the company itself holds or holds in pledge, or which are held by a subsidiary is not more than half of the issued capital; and

c. the acquisition is authorized by the general meeting.

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

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

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

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

5. The company may only take its own shares in pledge **in accordance with the applicable statutory provisions.**

6. The company is not entitled to any distributions from shares in its own capital.

   In the calculation of the distribution of profits, the shares referred to in the previous sentence are not counted unless there is a right of usufruct or right of pledge on such shares, and if the pledgee is entitled to the distributions on the shares for the benefit of a party other than the company.

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

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

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

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

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

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

   - for no consideration; or

   - by universal succession of title (*verkrijging onder algemene titel*).

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

Article 8.

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

   This prohibition shall also extend to any subsidiaries.

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

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

Reduction of capital
Article 9.

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

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

   A resolution for cancellation of shares may only relate to:

   - shares held by the company itself or of which it holds the depositary receipts;

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

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

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

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

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

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

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

Register of shareholders
Article 10.

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

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

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

3. The Management Board shall determine the form and contents of the register with due observance of the provisions of paragraphs 1 and 2 hereof.

4. Upon request the Management Board shall provide shareholders and those who have a right of usufruct or pledge in respect of such shares free of charge with an extract from the register in respect of their rights to a share.

5. The Management Board shall be authorized to provide the authorities with information and data contained in the register of shareholders or have the same inspected to the extent that this is requested to comply with applicable foreign legislation or rules of the stock exchange where the company's shares are listed.

Transfer of shares, usufruct, pledge
Article 11.

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

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

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

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

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

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

Restriction on the transfer of preferred shares
Article 12.

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

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

2. The approval of the Management Board shall be applied for by means of a letter directed to the company, setting out the number of preferred shares for which a decision is sought and the name of the person to whom the applicant wishes to make the transfer.

3. Approval of the Management Board shall be deemed to have been granted, if no decision on the application for approval has been made within one month.

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

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

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

5. The applicant is authorized to withdraw within one month after being definitively informed of the price.

6. The company may only be designated as an interested party with the applicant's approval.

7. If, within one month after being informed of the definite price, the applicant has not withdrawn the request to transfer, the preferred shares, to which the application pertained, must be transferred to the interested party (parties) against payment within one month after the aforementioned period elapses.

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

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

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

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

Management Board
Article 13.

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

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

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

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

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

3. The Management Board shall appoint from its members a Chief Executive Officer and a Chief Financial Officer.

4. Members of the Management Board shall be appointed by the general meeting from a binding nomination to be drawn up by the Supervisory Board in accordance with article 2:133 Dutch Civil Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

    The policy will be adopted by the general meeting.

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

Article 14.

1. With due observance of the limitations set out by these articles of association, the Management Board is charged with the management of the company.

2. The Management Board shall draw up a set of regulations, including provisions in respect of, among other things, the manner of convocation of its meetings, the supplying of information to the Supervisory Board, and concerning a conflict of interest between the company and a member of the Management Board.

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

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

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

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

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

4. With due observance of the provisions of these articles of association, the Management Board resolutions relating to any of the following matters shall be subject to the approval of the Supervisory Board:

   a. issue and acquisition of shares of the company and debt instruments issued by the company or of debt instruments issued by a limited partnership or general partnership of which the company is a fully liable partner;

   b. application or the withdrawal for quotation of the securities referred to under a. in the listing of any stock exchange;

   c. participation for a value of at least one fourth of the amount of the issued capital with the reserves according to the most recently adopted balance sheet with explanatory notes of the company by the company or by a dependent company in the capital of another company, as well as to a significant increase or reduction of such a participation;

   d. investments involving an amount equal to at least the sum of one-quarter of the company's issued capital plus the reserves of the company as shown in its balance sheet and explanatory notes;

   e. a proposal to amend the articles of association;

   f. a proposal to dissolve (*ontbinden*) the company;

   g. a proposal to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*);

   h. application for bankruptcy and for suspension of payments (*surseance van betaling*);

   i. a proposal to reduce the issued share capital.

   j. undertaking any such legal acts as shall be determined and clearly defined by the Supervisory Board and notified to the Management Board in writing.

5. Without prejudice to the provisions above, decisions of the Management Board involving a major change in the company's identity or character are subject to the approval of the general meeting and the Supervisory Board, including:

   a. the transfer of the enterprise or practically the whole enterprise to third parties;

   b. to enter or to terminate longstanding joint ventures of the company or a subsidiary with another legal entity or company or as fully liable partner in a limited partnership or a general partnership if this joint venture or termination of such a joint venture is of a major significance to the company;

   c. to acquire or dispose of a participation in the capital of a company worth at least one third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if the company prepares a consolidated balance sheet according to such consolidated balance sheet with explanatory notes according to the last adopted annual account of the company, by the company or a subsidiary.

6. Failure to obtain the approval defined in paragraphs 4 and 5 of this article shall not affect the authority of the Management Board or the members of the Management Board to represent the company.

Article 15.

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

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

Representation
Article 16.

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

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

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

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

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

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

Supervisory Board
Article 17.

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

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

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

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

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

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

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

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

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

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

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

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

7. The division of duties within the Supervisory Board and its decision making process and working methods shall be laid down in a set of regulations, including among other things, a paragraph dealing with its relations with the Management Board and the general meeting.

8. Each financial year the Supervisory Board shall make a report, which report shall be included in the annual report of the company.

9. The Management Board shall provide the Supervisory Board with the information necessary for the performance of its duties, in a timely manner.

10. The Management Board shall inform the Supervisory Board at least once each year in writing of the strategy generally, the general and financial risks and the management and control systems of the company.

11. The general meeting shall determine the remuneration of each member of the Supervisory Board.

Article 18.

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

   The Supervisory Board may be assisted by the company secretary.

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

2. In the absence of the chairman in a meeting, the meeting shall appoint a chairman from among those present.

3. The Supervisory Board shall appoint from among its members an audit committee, a remuneration committee and a nomination and corporate governance committee.

4. The Supervisory Board shall hold meetings as often as one or more of its members shall desire, as often as the Management Board shall request, or as often as necessary in pursuance of the provisions of these articles of association.

Indemnification of members of the Management Board and members of the Supervisory Board
Article 19.

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

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

2. No indemnification pursuant to paragraph 1 of this article shall be made in respect of any claim, issue or matter:

- as to which such person shall have been adjudged in a final and non-appealable judgment by a Dutch judge to be liable for gross negligence or willful misconduct in the performance of his duty to the company, unless and only to the extent that the judge before whom such action or proceeding was brought or any other Dutch judge having appropriate jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to a compensation which the judge before whom such action or proceeding was brought or such other judge having appropriate jurisdiction shall deem proper; or

- insofar costs and losses have been insured under any insurance and the insurance company has reimbursed to him the costs and losses.

3. Expenses (including attorneys' fees) incurred by an indemnified person in defending a civil or criminal action, suit or proceeding shall be paid by the company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of an indemnified person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company as authorized in this article.

4. The indemnification provided for by this article shall not be deemed exclusive of any other right to which a person seeking indemnification or advancement of expenses may be entitled under the laws of the Netherlands as from time to time amended or under any by-laws, agreement, resolution of the general meeting or of the members of the Management Board or Supervisory Board who are not an interested party in this matter or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such position, and shall continue as to a person who has ceased to be a member of the Management Board or the Supervisory Board, but was a member of the Management Board or Supervisory Board at any time after the execution of this deed of amendment and shall also inure to the benefit of the heirs, executors and administrators of the estate of such person.

5. The company may purchase and maintain insurance on behalf of any indemnified person, whether or not the company would have the power to indemnify him against such liability under the provisions of this article.

6. No amendment or repeal of this article shall adversely affect any right to protection of any person entitled to indemnification or advancement of expenses under this article prior to such amendment or repeal.

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

Financial year, annual accounts, annual report
Article 20.

1. The company's financial year shall begin on the first day of July and end on the thirtieth day of June of the following year.

2. The Management Board shall prepare the annual accounts within the period prescribed by law.

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

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

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

3. The general meeting shall instruct a registered accountant or a firm of registered accountants, as defined in article 2:393 paragraph 1 Dutch Civil Code, to audit the annual accounts and the annual report by the Management Board, to report thereon, and to issue an auditor's certificate with respect thereto.

4. If the general meeting fails to issue such instructions, the Supervisory Board shall be authorized to do so, and if the latter fails to do so, the Management Board.

5. The company shall ensure that, as of the day on which a general meeting at which they are to be considered, is called, the annual accounts, the annual report and the additional information to be provided pursuant to article 2:392 paragraph 1 Dutch Civil Code are available for examination by those entitled to attend meetings.

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

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

6. The annual accounts shall be adopted by the general meeting.

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

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

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

Allocations of profit
Article 21.

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

2. From the profits as they appear from the annual accounts:

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

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

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

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

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

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

3. After the approval of the Supervisory Board, the Management Board may make interim distributions only to the extent that the requirements set forth in paragraph 1 above are satisfied as apparent from an (interim) financial statement drawn up in accordance with the law.

4. After the approval of the Supervisory Board, the Management Board may decide that a distribution on shares is not made entirely or partly in cash, but rather in shares in the company.

5. On proposal of the Management Board which has been approved by the Supervisory Board, the general meeting may decide to make payments to holders of shares from the distributable part of the shareholders' equity.

6. Any claim a shareholder may have to a distribution shall lapse after five years, to be computed from the day on which such a distribution becomes payable.

General meetings
Article 22.

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

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

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

2. General meetings will be held in Amsterdam, Baarlo, Venlo, The Hague, Rotterdam, Haarlemmermeer (Schiphol) or in Deventer.

3. General meetings shall be convened by the Supervisory Board or the Management Board in the manner and with reference to the applicable provisions of the legislation and applicable stock exchange regulations and with consideration of the applicable terms.

4. The convocation states:

    a. the subjects to be discussed;

    b. the place and time of the general meeting;

    c. the procedure for participation in the general meeting and the exercise of voting rights in person or by proxy.

5. Extraordinary general meetings shall be held as often as the Management Board or the Supervisory Board deems this necessary.

6. An item proposed by one or more shareholders having the right thereto according to applicable law, will be included in the convocation or announced in the same manner, provided the company receives such substantiated request or a proposal for a resolution in writing no later than the sixtieth day prior to the day of the meeting.

Article 23.

1. The general meetings will be chaired by the chairman of the Supervisory Board, or, in his absence, by a member of the Supervisory Board appointed by the Supervisory Board; if the chairman of the Supervisory Board is absent

and no other member of the Supervisory Board has been appointed in his place, the general meeting shall appoint the chairman.

2. Minutes shall be kept of the items dealt with at the general meeting.

   The minutes shall be adopted by the chairman and the company secretary and shall be signed by them in witness thereof.

3. The chairman of the meeting as well as any member of the Management Board may at all times commission the drawing up of a notarial record of the meeting at the company's expense.

4. The chairman shall decide on all disputes with regard to voting, admitting people and, in general the procedure at the meeting, insofar as this is not provided for by law or the articles of association.

Article 24.

1. Each shareholder, as well as each other person with voting rights and/or meeting rights, is entitled, in person or through an attorney authorized in writing for the specific meeting, or by proxy, to attend the general meeting, to address the meeting and, in the event the shareholder is entitled to the voting rights, to exercise the voting rights.

2. The Management Board may resolve that for the application of the provision in paragraph 1, persons with voting rights and/or meeting rights are considered to be those persons who (i) on a date determined by the Management Board (the '**record date**') are persons with voting rights and/or meeting rights with respect to a share, and (ii) are registered in (a) register(s) determined by the Management Board (the '**register**'), provided that (iii) that person with voting rights and/or meeting rights gave notice to the company of his intention to attend the general meeting, irrespective of who at the time of the general meeting is a person with voting rights and/or meeting rights.

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

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

3. In case the Management Board does not use the authority referred to in paragraph 2, persons with voting rights and/or meeting rights with respect to shares, must give written notice to the Management Board of their intention to exercise the rights referred to in paragraph 1 at the general meeting, at such places and at such date as the Management Board will give notice of in the notice for the general meeting.

4. Insofar applicable, the convocation notice shall state the record date as well as where and how the registration as referred to in paragraph 2 is to take place, and, in so far as votes can be cast electronically, the way in which the rights of the person entitled to vote and to attend a meeting can be exercised.

5. A person entitled to vote and/or attend meetings, who wants to be represented in the general meeting by an attorney authorized in writing or proxy, must hand in their power of attorney or duly executed proxy at the office of the company or at another place to be designated by the company within the period laid down on the convocation notice; or inform the company about the power of attorney by electronic means.

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

6. The attendance list must be signed by each person with voting rights and/or meeting rights or his representative.

7. The members of the Management Board and the Supervisory Board shall have the right to attend the general meeting.

8. The Management Board may decide that every shareholder is entitled to participate in, to address and to vote in the general meeting by way of an electronic means of communication, in person or by proxy, provided the

shareholder may by the electronic means of communication be identified, directly take notice of the discussion in the meeting and participate in the deliberations.

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

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

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

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

Article 25.

1. Each share shall confer the right to cast one vote.

2. Insofar as the law or these articles of association do not prescribe a larger majority, resolutions shall be passed by a simple majority of votes cast in a meeting where at least one third of the outstanding shares are represented.

3. The chairman of the meeting determines the method of voting, which includes oral, written or electronic voting.

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

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

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

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

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

Meetings of holders of preferred shares
Article 26.

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

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

Amendments to the articles of association, legal merger, demerger, dissolution and liquidation
Article 27.

1. On proposal of the Management Board which has been approved by the Supervisory Board, the general meeting may resolve to amend the company's articles, to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*), or to dissolve the company.

2. The full proposal shall be available at the offices of the company from the day of the convocation to the general meeting until the close of same for inspection by those who are entitled to attend meetings; the copies of this proposal shall be made available free of charge to those who are entitled to attend meetings.

   This shall be stated in the convocation advertisement.

3. Upon dissolution, the liquidation of the company shall be effected by the Management Board, unless the general meeting has designated other liquidators.

4. The remainder of the company's assets after payment of all debts and the costs of the liquidation shall be distributed as follows:

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

   b. the remainder shall be paid to the holders of ordinary shares, in proportion to the number of ordinary shares that each party owns.

5. During the liquidation, the provisions of the articles of association shall remain in force in as much as possible.

Exhibit 31.1

CERTIFICATION

I, Robert S. Keane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cimpress N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: January 30, 2015

/s/ Robert S. Keane

Robert S. Keane
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Ernst J. Teunissen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cimpress N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2015

/s/ Ernst J. Teunissen

Ernst J. Teunissen
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 Cimpress N.V. (the "Company") for the fiscal quarter ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert S. Keane, Chief Executive Officer, and Ernst J. Teunissen, Chief Financial Officer, of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 30, 2015

/s/ Robert S. Keane

Robert S. Keane

Chief Executive Officer

Date: January 30, 2015

/s/ Ernst J. Teunissen

Ernst J. Teunissen

Chief Financial Officer