

Shutterfly, Inc.  
Consolidated GAAP Statements of Operations  
(\$ in thousands, except EPS)  
(Unaudited)  
June 30, 2017

	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2015	Quarter ended				Year ended Dec. 31, 2016	Quarter ended	
				Mar. 31, 2016	Jun. 30, 2016	Sept. 30, 2016	Dec. 31, 2016		Mar. 31, 2017	Jun. 30, 2017
<b>Net Revenues</b>	<b>\$783,642</b>	<b>\$921,580</b>	<b>\$1,059,429</b>	<b>\$181,709</b>	<b>\$203,961</b>	<b>\$187,328</b>	<b>\$561,226</b>	<b>\$1,134,224</b>	<b>\$191,972</b>	<b>\$209,032</b>
Consumer	745,970	870,959	961,418	155,381	176,617	144,074	521,484	997,556	160,645	179,090
SBS	37,672	50,621	98,011	26,328	27,344	43,254	39,742	136,668	31,327	29,942
<b>Cost of Net Revenues</b>	<b>369,593</b>	<b>452,720</b>	<b>528,078</b>	<b>108,723</b>	<b>109,592</b>	<b>117,754</b>	<b>230,048</b>	<b>566,117</b>	<b>116,119</b>	<b>118,205</b>
<b>Restructuring</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,240</b>	<b>196</b>
<b>Gross Profit</b>	<b>\$414,049</b>	<b>\$468,860</b>	<b>\$531,351</b>	<b>\$72,986</b>	<b>\$94,369</b>	<b>\$69,574</b>	<b>\$331,178</b>	<b>\$568,107</b>	<b>\$74,613</b>	<b>\$90,631</b>
<b>Operating Expenses</b>										
Technology and Development	108,995	133,623	155,318	38,269	41,313	43,284	44,043	166,909	45,955	39,398
Sales and Marketing	189,985	216,035	236,749	45,842	47,539	41,903	98,301	233,585	42,887	42,987
General and Administrative	93,011	112,957	121,019	30,689	26,592	26,181	35,041	118,503	27,795	27,511
Capital Lease Termination	-	-	-	-	-	-	-	-	-	8,098
Restructuring	-	-	-	-	-	-	-	-	7,736	4,477
Total Operating Expenses	391,991	462,615	513,086	114,800	115,444	111,368	177,385	518,997	124,373	122,471
<b>Income/(Loss) from Operations</b>	<b>\$22,058</b>	<b>\$6,245</b>	<b>\$18,265</b>	<b>(\$41,814)</b>	<b>(\$21,075)</b>	<b>(\$41,794)</b>	<b>\$153,793</b>	<b>\$49,110</b>	<b>(\$49,760)</b>	<b>(\$31,840)</b>
Interest Expense	(9,446)	(16,732)	(20,998)	(5,675)	(5,661)	(5,726)	(5,961)	(23,023)	(5,964)	(5,955)
Interest and Other Income, net	308	508	744	121	128	130	122	501	189	244
<b>Income/(Loss) before Income Taxes</b>	<b>\$12,920</b>	<b>(\$9,979)</b>	<b>(\$1,989)</b>	<b>(\$47,368)</b>	<b>(\$26,608)</b>	<b>(\$47,390)</b>	<b>\$147,954</b>	<b>\$26,588</b>	<b>(\$55,535)</b>	<b>(\$37,551)</b>
Provision for Income Benefit / (Taxes)	(3,635)	2,119	1,146	17,932	10,123	18,235	(56,972)	(10,682)	22,341	14,713
<b>Net Income / (Loss)</b>	<b>\$9,285</b>	<b>(\$7,860)</b>	<b>(\$843)</b>	<b>(\$29,436)</b>	<b>(\$16,485)</b>	<b>(\$29,155)</b>	<b>\$90,982</b>	<b>\$15,906</b>	<b>(\$33,194)</b>	<b>(\$22,838)</b>
Net income per share:										
Basic	\$0.25	(\$0.20)	(\$0.02)	(\$0.85)	(\$0.48)	(\$0.86)	\$2.70	\$0.47	(\$0.98)	(\$0.68)
Diluted	\$0.24	(\$0.20)	(\$0.02)	(\$0.85)	(\$0.48)	(\$0.86)	\$2.63	\$0.45	(\$0.98)	(\$0.68)
Weighted average shares outstanding:										
Basic	37,680	38,452	36,761	34,596	34,177	33,932	33,683	34,097	33,712	33,579
Diluted	39,493	38,452	36,761	34,596	34,177	33,932	34,625	35,190	33,712	33,579
Stock-based compensation is allocated as follows:										
Cost of Net Revenues	\$2,485	\$3,657	\$4,134	\$1,224	\$1,081	\$1,131	\$1,143	\$4,579	\$1,169	\$1,074
Technology and Development	9,477	9,236	10,840	459	2,512	2,725	2,854	8,550	2,696	2,179
Sales and Marketing	19,774	22,670	21,512	4,279	3,754	3,664	3,748	15,445	3,173	2,980
General and Administrative	21,792	26,199	23,972	4,188	3,577	4,694	4,659	17,118	4,467	4,236
Restructuring	-	-	-	-	-	-	-	-	814	-
	<b>\$53,528</b>	<b>\$61,762</b>	<b>\$60,458</b>	<b>\$10,150</b>	<b>\$10,924</b>	<b>\$12,214</b>	<b>\$12,404</b>	<b>\$45,692</b>	<b>\$12,319</b>	<b>\$10,469</b>

Shutterfly, Inc.  
Consolidated Balance Sheets  
(\$ in thousands)  
(Unaudited)  
June 30, 2017

	2013	2014	2015	2016				2017	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017
<b>Assets</b>									
Current Assets									
Cash and cash equivalents	\$499,084	\$380,543	\$288,863	\$145,915	\$99,249	\$60,212	\$289,224	\$161,515	\$126,081
Short-term investments	-	64,866	22,918	23,620	31,564	32,643	26,352	45,005	44,550
Accounts receivable, net	21,641	31,105	55,222	30,085	28,946	44,759	57,365	33,243	30,079
Inventories	9,629	13,016	13,466	12,010	11,515	11,351	11,751	9,664	8,900
Deferred tax asset, current portion	26,942	34,645	-	-	-	-	-	-	-
Prepaid expenses and other current assets	20,081	23,736	31,828	58,387	67,595	90,047	48,084	59,941	76,370
Total current assets	577,377	547,911	412,297	270,017	238,869	239,012	432,776	309,368	285,980
Long-term investments	-	29,928	29,005	24,832	18,504	16,114	14,479	15,903	17,015
Property and equipment, net	155,727	241,742	281,779	272,728	267,846	292,782	284,110	266,844	252,485
Intangible assets, net	118,621	87,950	62,323	56,534	51,763	47,501	43,420	39,378	35,816
Goodwill	397,306	408,975	408,975	408,975	408,975	408,975	408,975	408,975	408,975
Deferred tax asset, net of current portion	520	549	1,710	1,033	2,085	2,210	780	1,139	10,606
Other assets	10,908	10,719	9,238	9,013	10,753	11,344	11,036	10,458	11,190
<b>Total Assets</b>	<b>\$1,260,459</b>	<b>1,327,774</b>	<b>\$1,205,327</b>	<b>\$1,043,132</b>	<b>\$998,795</b>	<b>\$1,017,938</b>	<b>\$1,195,576</b>	<b>\$1,052,065</b>	<b>\$1,022,067</b>
<b>Liabilities and Stockholders' Equity</b>									
Current Liabilities									
Convertible senior notes, current	-	-	-	-	-	-	-	-	286,316
Accounts payable	\$33,656	\$30,086	\$35,329	\$14,436	\$11,642	\$17,865	\$58,790	\$14,067	\$20,270
Accrued liabilities	105,918	126,580	135,044	52,472	58,375	71,886	122,777	63,049	63,015
Deferred revenue	24,114	31,415	27,329	25,969	25,243	22,082	22,929	22,225	22,747
Current portion of capital lease obligations	1,530	8,905	14,090	14,750	13,147	16,347	16,092	16,168	14,512
Total current liabilities	165,218	196,986	211,792	107,627	108,407	128,180	220,588	115,509	406,860
Convertible senior notes, net	237,810	250,714	264,361	267,893	271,476	275,108	278,792	282,527	-
Deferred tax liability	42,995	48,090	12,447	15,475	9,334	18,789	20,446	-	-
Other liabilities	21,811	41,881	66,237	65,171	65,779	64,551	66,376	66,053	74,191
Capital lease obligations, less current portion	4,530	32,297	44,428	40,878	34,965	54,263	50,213	46,164	40,679
<b>Total Liabilities</b>	<b>472,364</b>	<b>569,968</b>	<b>599,265</b>	<b>497,044</b>	<b>489,961</b>	<b>540,891</b>	<b>636,415</b>	<b>510,253</b>	<b>521,730</b>
<b>Total Stockholders' Equity</b>	<b>788,095</b>	<b>757,806</b>	<b>606,062</b>	<b>546,088</b>	<b>508,834</b>	<b>477,047</b>	<b>559,161</b>	<b>541,812</b>	<b>500,337</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$1,260,459</b>	<b>\$1,327,774</b>	<b>\$1,205,327</b>	<b>\$1,043,132</b>	<b>\$998,795</b>	<b>\$1,017,938</b>	<b>\$1,195,576</b>	<b>\$1,052,065</b>	<b>\$1,022,067</b>

**Shutterfly, Inc.**  
**Consolidated Statements of Cash Flows**  
**(\$ in thousands)**  
**(Unaudited)**  
**June 30, 2017**

	Year ended	Year ended	Year ended	Quarter Ended			Year ended	Quarter Ended		
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	
<b>Net Income/(Loss)</b>	<b>\$9,285</b>	<b>(\$7,860)</b>	<b>(\$843)</b>	<b>(\$29,436)</b>	<b>(\$16,485)</b>	<b>(\$29,155)</b>	<b>\$90,982</b>	<b>\$15,906</b>	<b>(\$33,194)</b>	<b>(\$22,838)</b>
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities										
Depreciation and amortization	43,888	64,885	86,290	22,995	23,283	23,036	24,217	93,531	23,024	22,097
Amortization of intangible assets	30,968	33,867	26,987	6,119	5,074	4,551	4,376	20,120	4,340	3,860
Amortization of debt discount and transaction costs	7,707	12,905	13,647	3,532	3,583	3,632	3,685	14,432	3,735	3,789
Stock-based compensation, net of forfeitures	53,528	61,762	60,458	10,150	10,924	12,214	12,404	45,692	11,505	10,469
Loss/(gain) on disposal of property and rental assets	13	361	1,755	218	106	54	360	738	172	295
Deferred income taxes	331	(2,604)	(2,149)	3,637	(7,204)	9,353	3,113	8,899	2,358	(9,461)
Tax benefit (shortfall) from stock-based compensation	2,957	(163)	98	5,638	(1,617)	(3,758)	27	290	-	-
Excess tax benefit from stock options	(3,635)	(1,025)	(1,813)	(6,859)	1,626	4,347	(1,527)	(2,413)	-	-
Restructuring	-	-	-	-	-	-	-	-	7,868	2,896
Changes in operating assets and liabilities, net of effects of acquisition:										
Accounts receivable, net	(7,174)	(9,464)	(24,117)	25,137	1,140	(15,814)	(12,605)	(2,142)	24,122	3,164
Inventories	(3,681)	(3,388)	(450)	1,457	494	164	(400)	1,715	847	568
Prepaid expenses and other current assets	(4,347)	(3,958)	(8,163)	(26,560)	(5,444)	(26,215)	41,960	(16,259)	(11,857)	(7,178)
Other assets	(7,669)	(1,442)	727	(47)	(1,994)	(853)	13	(2,881)	280	(1,021)
Accounts payable	3,583	(1,275)	3,139	(17,080)	(1,890)	3,865	42,233	27,128	(44,655)	4,706
Accrued and other liabilities	16,256	16,586	13,556	(80,151)	6,046	12,859	54,313	(6,933)	(60,227)	1,804
Deferred revenue	5,258	7,301	(4,085)	(1,360)	(726)	(3,161)	847	(4,400)	(704)	522
Net cash provided by (used in) operating activities	<b>147,268</b>	<b>166,488</b>	<b>165,037</b>	<b>(82,610)</b>	<b>16,916</b>	<b>(4,881)</b>	<b>263,998</b>	<b>193,423</b>	<b>(72,386)</b>	<b>13,672</b>
<b>Cash Flows from Investment Activities</b>										
Acquisition of business and intangible assets, net of cash	(76,893)	(12,000)	(127)	-	-	-	-	-	-	-
Purchases of property and equipment	(62,582)	(71,169)	(55,448)	(10,131)	(22,936)	(10,666)	(12,531)	(56,264)	(3,517)	(4,659)
Capitalization of software and website development costs	(15,760)	(21,032)	(21,221)	(8,639)	(9,444)	(9,053)	(6,287)	(33,423)	(7,602)	(9,456)
Purchases of investments	-	(124,111)	(31,073)	(8,026)	(7,910)	(5,955)	(7,531)	(29,422)	(26,304)	(13,501)
Maturities and sale of investments	-	29,980	73,454	11,615	6,275	7,180	15,377	40,447	6,214	12,819
Proceeds from sale of equipment and rental assets	388	904	1,298	39	10,208	3,824	190	14,261	70	11,608
Net cash provided by (used in) investing activities	<b>(154,847)</b>	<b>(197,428)</b>	<b>(33,117)</b>	<b>(15,142)</b>	<b>(23,807)</b>	<b>(14,670)</b>	<b>(10,782)</b>	<b>(64,401)</b>	<b>(31,139)</b>	<b>(3,189)</b>
<b>Cash Flows from Financing Activities</b>										
Proceeds from issuance of common stock upon exercise of stock options	19,112	3,243	3,221	491	194	1,250	169	2,104	117	403
Repurchases of common stock	(32,241)	(88,815)	(179,090)	(47,461)	(30,711)	(12,665)	(21,651)	(112,488)	(20,000)	(30,000)
Refund of accelerated share repurchase	-	-	38,179	-	-	-	-	-	-	-
Prepayment of accelerated share repurchase	-	-	(75,000)	-	-	-	-	-	-	-
Excess tax benefit of stock based compensation	3,635	1,025	1,813	6,859	(1,626)	(4,347)	1,527	2,413	-	-
Principal payments of capital lease and financing obligations	(878)	(3,054)	(12,723)	(3,772)	(7,632)	(3,724)	(4,249)	(19,377)	(4,301)	(16,320)
Payment for contingent consideration liabilities <sup>[1]</sup>	-	-	-	(1,313)	-	-	-	(1,313)	-	-
Net cash provided by (used in) financing activities	<b>261,575</b>	<b>(87,601)</b>	<b>(223,600)</b>	<b>(45,196)</b>	<b>(39,775)</b>	<b>(19,486)</b>	<b>(24,204)</b>	<b>(128,661)</b>	<b>(24,184)</b>	<b>(45,917)</b>
Net increase (decrease) in cash and cash equivalents	253,996	(118,541)	(91,680)	(142,948)	(46,666)	(39,037)	229,012	361	(127,709)	(35,434)
Cash and cash equivalents, beginning of period	245,088	499,084	380,543	288,863	145,915	99,249	60,212	288,863	289,224	161,515
<b>Cash and cash equivalents, end of period</b>	<b>\$499,084</b>	<b>\$380,543</b>	<b>\$288,863</b>	<b>\$145,915</b>	<b>\$99,249</b>	<b>\$60,212</b>	<b>\$289,224</b>	<b>\$289,224</b>	<b>\$161,515</b>	<b>\$126,081</b>
<b>Supplemental disclosures of cash flow information</b>										
Net change in accrued purchases of property & equipment	(3,372)	(2,674)	3,818	(4,634)	(931)	4,291	(2,739)	(4,013)	(1,848)	2,593
Net change in accrued capitalized software and website development costs	-	716	892	(471)	608	(234)	(222)	(319)	124	146
Amount due from adjustment of net working capital from acquired business	10	253	-	-	-	-	-	-	-	-
Stock-based compensation capitalized with software and website development costs	1,709	1,597	1,248	537	422	363	238	1,560	258	500
Estimated fair market value of building under build-to suit lease	10,080	22,855	17,161	-	-	-	-	-	-	-
Property and equipment acquired under capital leases	-	37,728	29,097	-	-	23,946	-	23,946	-	6,228
Increase to amount due for acquisition of business	-	1,673	-	-	-	-	-	-	-	-
Net increase in receivable proceeds from the sale of property and equipment	-	-	-	-	3,765	-	-	3,765	-	9,250

[1] The Company reclassified an immaterial contingent consideration payment (to Groovebook Founders) in the first quarter of 2016 between operating and financing activities within the cash flow statement.

Shutterfly, Inc.  
Reconciliation of GAAP to Non-GAAP Balances  
(In thousands)  
(Unaudited)  
June 30, 2017

	Year ended	Year ended	Year ended	Quarter Ended				Year ended	Quarter Ended	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2016 <sup>[2]</sup>	Jun. 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017
<b>Reconciliation of Net Income (Loss) to Non-GAAP Adjusted EBITDA</b>										
GAAP net income (loss)	\$9,285	(\$7,860)	(\$843)	(\$29,436)	(\$16,485)	(\$29,155)	\$90,982	\$15,906	(\$33,194)	(\$22,838)
Add back:										
Interest expense	9,446	16,732	20,998	5,675	5,661	5,726	5,961	23,023	5,964	5,955
Interest and other income, net	(308)	(508)	(744)	(121)	(128)	(130)	(122)	(501)	(189)	(244)
Tax (benefit) provision	3,635	(2,119)	(1,146)	(17,932)	(10,123)	(18,235)	56,972	10,682	(22,341)	(14,713)
Depreciation and amortization	43,888	64,885	86,290	22,995	23,283	23,036	24,217	93,531	23,024	22,097
Amortization of intangible assets	30,968	33,867	26,987	6,119	5,074	4,551	4,376	20,120	4,340	3,860
Stock-based compensation expense	53,528	61,762	60,458	10,150	10,924	12,214	12,404	45,692	11,505	10,469
Capital lease termination	-	-	-	-	-	-	-	-	-	8,098
Restructuring	-	-	-	-	-	-	-	-	8,976	4,673
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$150,442</b>	<b>\$166,759</b>	<b>\$192,000</b>	<b>(\$2,550)</b>	<b>\$18,206</b>	<b>(\$1,993)</b>	<b>\$194,790</b>	<b>\$208,453</b>	<b>(\$1,915)</b>	<b>\$17,357</b>
<b>Reconciliation of Cash Flow from Operating Activities to Non-GAAP Adjusted EBITDA and Adjusted EBITDA minus Capital Expenditures</b>										
Net cash provided by (used in) operating activities	\$147,268	\$166,488	\$165,037	(\$82,610)	\$16,916	(\$4,881)	\$263,998	\$193,423	(\$72,386)	\$13,672
Interest expense	9,446	16,732	20,998	5,675	5,661	5,726	5,961	23,023	5,964	5,955
Interest and other income, net	(308)	(508)	(744)	(121)	(128)	(130)	(122)	(501)	(189)	(244)
Tax (benefit) provision	3,635	(2,119)	(1,146)	(17,932)	(10,123)	(18,235)	56,972	10,682	(22,341)	(14,713)
Changes in operating assets and liabilities	(2,226)	(4,360)	19,393	98,604	2,374	29,155	(126,361)	3,772	92,194	(2,565)
Other adjustments	(7,373)	(9,474)	(11,538)	(6,166)	3,506	(13,628)	(5,658)	(21,946)	(6,265)	5,377
Capital lease termination	-	-	-	-	-	-	-	-	-	8,098
Restructuring	-	-	-	-	-	-	-	-	1,108	1,777
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$150,442</b>	<b>\$166,759</b>	<b>\$192,000</b>	<b>(\$2,550)</b>	<b>\$18,206</b>	<b>(\$1,993)</b>	<b>\$194,790</b>	<b>\$208,453</b>	<b>(\$1,915)</b>	<b>\$17,357</b>
Less: Purchases of property and equipment	(59,210)	(68,495)	(59,266)	(5,497)	(22,005)	(14,957)	(9,792)	(52,251)	(1,669)	(7,252)
Less: Capitalized technology & development costs	(15,760)	(21,748)	(22,113)	(8,168)	(10,052)	(8,819)	(6,065)	(33,104)	(7,726)	(9,602)
Add: Capex adjustments <sup>[1]</sup>	-	-	-	-	9,827	-	-	9,827	-	-
<b>Adjusted EBITDA minus capital expenditures<sup>[2]</sup></b>	<b>\$75,472</b>	<b>\$76,516</b>	<b>\$110,621</b>	<b>(\$16,215)</b>	<b>(\$4,024)</b>	<b>(\$25,769)</b>	<b>\$178,933</b>	<b>\$132,925</b>	<b>(\$11,310)</b>	<b>\$503</b>

[1] In the second quarter of 2016, the Company acquired and immediately resold \$9.8 million of printers.

[2] The Company reclassified an immaterial contingent consideration payment (to Groovebook Founders) in the first quarter of 2016 between operating and financing activities within the cash flow statement.

Shutterfly, Inc.  
Key Metrics and Income Statement Analysis  
(Unaudited)  
June 30, 2017

	Year ended	Year ended	Year ended	Quarter Ended				Year ended	Quarter Ended	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017
<b><u>Consumer Key Metrics</u></b> <sup>[1]</sup>										
Customers				3,322,343	3,259,915	3,150,894	6,219,011		3,364,799	3,350,434
Orders				5,541,351	5,303,137	5,394,902	10,869,499		5,535,344	5,467,763
Average order value				\$ 28.04	\$ 33.30	\$ 26.71	\$ 47.98		\$ 29.02	\$ 32.75
<b><u>Margin Analysis</u></b>										
Gross Profit margin	52.8%	50.9%	50.2%	40.2%	46.3%	37.1%	59.0%	50.1%	38.9%	43.4%
Adjusted EBITDA margin	19.2%	18.1%	18.1%	(1.4%)	8.9%	9.7%	34.7%	18.4%	(1.0%)	8.3%
Operating margin	2.8%	0.7%	1.7%	(23.0%)	(10.3%)	(22.3%)	27.4%	4.3%	(25.9%)	(15.2%)
Pre-tax margin	1.6%	(1.1%)	(0.2%)	(26.1%)	(13.0%)	(25.3%)	26.4%	2.3%	(28.9%)	(18.0%)
Net margin	1.2%	(0.9%)	(0.1%)	(16.2%)	(8.1%)	(15.6%)	16.2%	1.4%	(17.3%)	(10.9%)
Effective Tax Rate	28.1%	21.2%	57.6%	37.9%	38.0%	38.5%	38.5%	40.2%	40.2%	39.2%
<b><u>Y/Y Revenue Growth Rates</u></b>										
Net Revenues	22%	18%	15%	14%	11%	2%	2%	7%	6%	2%
Consumer	22%	17%	10%	4%	3%	(16%)	4%	4%	3%	1%
SBS	39%	34%	94%	135%	117%	243%	(11%)	39%	19%	10%
<b><u>Y/Y Consumer Key Metrics Growth Rates</u></b>										
Customers				4%	4%	1%	1%		1%	3%
Orders				7%	5%	7%	6%		(0%)	3%
Average order value				(3%)	2%	(18%)	(2%)		3%	(2%)
<b><u>Revenue Mix</u></b>										
Consumer	95%	95%	91%	86%	87%	77%	93%	88%	84%	86%
SBS	5%	5%	9%	14%	13%	23%	7%	12%	16%	14%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

[1] Historical metrics aggregated across Shutterfly's lifestyle brands

Shutterfly, Inc.  
Segment Disclosure  
(Unaudited)  
June 30, 2017

	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2015	Quarter Ended				Year ended Dec. 31, 2016	Quarter Ended	
				Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016		Mar. 31, 2017	Jun. 30, 2017
<b>Consumer</b>										
Net revenues	\$745,970	\$870,959	\$961,418	\$155,381	\$176,617	\$144,074	\$521,484	\$997,556	\$160,645	\$179,090
Cost of net revenues	327,145	394,265	436,050	86,337	85,276	84,825	198,949	455,387	89,854	92,049
Restructuring	-	-	-	-	-	-	-	-	1,240	196
Gross margin	418,825	476,694	525,368	69,044	91,341	59,249	322,535	542,169	69,551	86,845
	56.1%	54.7%	54.6%	44.4%	51.7%	41.1%	61.8%	54.3%	43.3%	48.5%
<b>Shutterfly Business Solutions</b>										
Net revenues	37,672	50,621	98,011	26,328	27,344	43,254	39,742	136,668	31,327	29,942
Cost of net revenues	29,480	43,456	79,789	19,710	21,810	30,389	28,673	100,582	23,838	23,900
Gross margin	8,192	7,165	18,222	6,618	5,534	12,865	11,069	36,086	7,489	6,042
	21.7%	14.2%	18.6%	25.1%	20.2%	29.7%	27.9%	26.4%	23.9%	20.2%
<b>Corporate<sup>[1]</sup></b>										
Net revenues	-	-	-	-	-	-	-	-	-	-
Cost of net revenues	12,968	14,999	12,239	2,676	2,506	2,540	2,426	10,148	2,427	2,256
Gross margin	(12,968)	(14,999)	(12,239)	(2,676)	(2,506)	(2,540)	(2,426)	(10,148)	(2,427)	(2,256)
<b>Consolidated</b>										
Net revenues	783,642	921,580	1,059,429	181,709	203,961	187,328	561,226	1,134,224	191,972	209,032
Cost of net revenues	369,593	452,720	528,078	108,723	109,592	117,754	230,048	566,117	116,119	118,205
Restructuring	-	-	-	-	-	-	-	-	1,240	196
Gross margin	\$414,049	\$468,860	\$531,351	\$72,986	\$94,369	\$69,574	\$331,178	\$568,107	74,613	90,631
GAAP Gross Margin	52.8%	50.9%	50.2%	40.2%	46.3%	37.1%	59.0%	50.1%	38.9%	43.4%

[1] Corporate category includes activities that are not directly attributable or allocable to a specific segment. This category consists of stock-based compensation and amortization of intangible assets.