

SHUTTERFLY INC
Reported by
BLACKWOOD-KAPRAL LISA

FORM 4
(Statement of Changes in Beneficial Ownership)

Filed 08/17/17 for the Period Ending 02/16/16

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|-------------|---|
| Address | 2800 BRIDGE PARKWAY REDWOOD CITY, CA 94065 |
| Telephone | 650-610-5200 |
| CIK | 0001125920 |
| Symbol | SFLY |
| SIC Code | 7384 - Photofinishing Laboratories |
| Industry | Other Specialty Retailers |
| Sector | Consumer Cyclical |
| Fiscal Year | 12/31 |

FORM 4

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

OMB APPROVAL
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Form 5 obligations may
continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or
Section 30(h) of the Investment Company Act of 1940

| | | | | | | | | |
|--|--|--|---|--|--|--|--|--|
| 1. Name and Address of Reporting Person * | | | 2. Issuer Name and Ticker or Trading Symbol | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) | | |
| BLACKWOOD-KAPRAL LISA | | | SHUTTERFLY INC [SFLY] | | | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Chief Accounting Officer | | |
| (Last) (First) (Middle) | | | 3. Date of Earliest Transaction (MM/DD/YYYY) | | | | | |
| C/O SHUTTERFLY, INC., 2800 BRIDGE PARKWAY | | | 2/16/2016 | | | | | |
| (Street) | | | 4. If Amendment, Date Original Filed (MM/DD/YYYY) | | | 6. Individual or Joint/Group Filing (Check Applicable Line) | | |
| REDWOOD CITY, CA 94065 | | | | | | <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | | |
| (City) (State) (Zip) | | | | | | | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Trans. Date | 2A. Deemed Execution Date, if any | 3. Trans. Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|------------------------------------|----------------|---|------------------------------|---|---|---------------|---------|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 8/15/2017 | | M (1) | | 1250 | A | \$0 | 1250 | D | |
| Common Stock | 8/16/2017 | | S | | 473 (2) | D | \$46.90 | 777 | D | |
| Common Stock | 8/17/2017 | | S (3) | | 777 | D | \$46.35 | 0 | D | |

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

| 1. Title of Derivate Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Trans. Date | 3A. Deemed Execution Date, if any | 4. Trans. Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|-------------------|---|---------------------------------|---|---|-----|--|--------------------|--|----------------------------------|---|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Restricted Stock Units | (4) | 2/16/2016 | | A | | 5600 | | (5) | (5) | Common Stock | 5600 | \$0 | 4200 (6) | D | |
| Restricted Stock Units | (4) | 2/14/2017 | | A | | 6500 | | (7) | (7) | Common Stock | 6500 | \$0 | 6500 | D | |
| Restricted Stock Units | (4) | 8/15/2017 | | M (1) | | 1250 | | (8) | (8) | Common Stock | 1250 | \$0 | 1250 | D | |

Explanation of Responses:

- Vesting of restricted stock units ("RSUs") granted to the Reporting Person on August 15, 2014.
- Represents the aggregate number of shares of the Issuer's common stock sold by the Reporting Person to cover taxes due upon the release and settlement of the RSUs.
- This transaction was effected pursuant to a Rule 10b5-1 trading plan previously adopted by the reporting person.
- Each of these RSUs represents a contingent right to receive one (1) share of Issuer common stock under the Issuer's 2015 Equity Incentive Plan.
- These RSUs (the "2016 RSUs") vest in 4 equal annual installments, subject to the Reporting Person's continuous service to the Issuer through each such vesting date. The first installment vested on February 15, 2017. Vested shares shall be settled within 30 days of the vesting date as set forth in the RSU Award Agreement. The 2016 RSUs will expire upon the earlier of the date: (i) when all are settled or (ii) when the Reporting Person ceases to provide services to the Issuer.
- Reflects the remaining shares underlying the 2016 RSUs that are currently unvested following the vesting of the first installment on February 15, 2017, which was reported on a Form 4 that was filed with the Securities and Exchange Commission on February 16, 2017.
- These RSUs vest in 4 equal annual installments, subject to the Reporting Person's continuous service to the Issuer through each such vesting date. The first installment will vest on February 14, 2018. Vested shares shall be settled within 30 days of the vesting date as set forth in the RSU Award Agreement. These RSUs will expire upon the earlier of the date: (i) when all are settled or (ii) when the Reporting Person ceases to provide services to the Issuer.
- These RSUs vest in 4 equal annual installments, subject to the Reporting Person's continuous service to the Issuer through each such vesting date. The first and second installments vested on August 15, 2015 and August 15, 2016, respectively. Vested shares shall be settled within 30 days of the vesting date as set forth in the RSU Award Agreement. These RSUs will expire upon the earlier of the date: (i) when all are settled or (ii) when the Reporting Person ceases to

provide services to the Issuer.

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| BLACKWOOD-KAPRAL LISA C/O SHUTTERFLY, INC. 2800 BRIDGE PARKWAY REDWOOD CITY, CA 94065 | | | Chief Accounting Officer | |

Signatures

/s/ Jason Sebring, Attorney-in-Fact

8/17/2017

**Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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