

SHUTTERFLY INC  
Form 3  
September 28, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â RECHT STEPHEN E		(Month/Day/Year)	SHUTTERFLY INC [SFLY]	
(Last)	(First)	(Middle)	09/28/2006	
C/O SHUTTERFLY INC,Â 2800 BRIDGE PARKWAY SUITE 101			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
REDWOOD CITY,Â CAÂ 94065			<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner	6. Individual or Joint/Group Filing(Check Applicable Line)
(City)	(State)	(Zip)	<input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Form filed by One Reporting Person
			(give title below) (specify below)	<input type="checkbox"/> Form filed by More than One Reporting Person
			CHIEF FINANCIAL OFFICER	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
COMMON STOCK	100,000	D	Â

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

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)	
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	Â (1)(2)	06/21/2014	COMMON STOCK	130,000	\$ 0.3	D	Â
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	Â (1)(3)	08/17/2015	COMMON STOCK	23,200	\$ 6	D	Â
EMPLOYEE STOCK OPTIO (RIGHT TO BUY)	Â (1)(4)	05/08/2016	COMMON STOCK	47,800	\$ 10.39	D	Â

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RECHT STEPHEN E C/O SHUTTERFLY INC 2800 BRIDGE PARKWAY SUITE 101 REDWOOD CITY,Â CAÂ 94065	Â	Â	Â CHIEF FINANCIAL OFFICER	Â

## Signatures

/S/ STEPHEN E RECHT 09/28/2006

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(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).
- (1) IMMEDIATELY EXERCISABLE.
- (2) OPTION VESTS MONTHLY AS TO 4,792 SHARES THROUGH JUNE 25, 2008.
- (3) OPTION VESTS AS TO 25% OF THE SHARES SUBJECT TO THE GRANT ON AUGUST 18, 2006, AND AS TO AN ADDITIONAL 1/48TH OF THE TOTAL NUMBER OF SHARES SUBJECT TO THE GRANT AT THE END OF EACH FULL MONTH THEREAFTER.
- (4) OPTION VESTS AS TO 25% OF THE SHARES SUBJECT TO THE GRANT ON MAY 9, 2007, AND AS TO AN ADDITIONAL 1/48TH OF THE TOTAL NUMBER OF SHARES SUBJECT TO THE GRANT AT THE END OF EACH FULL MONTH THEREAFTER.

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### Remarks:

CONFIRMINGÂ STATEMENT

THISÂ STATEMENTÂ CONFIRMSÂ THATÂ THEÂ UNDERSIGNED,Â STEPHENÂ E.Â RECHT,Â HASÂ AUTHORIZED

DATE:Â Â SEPTEMBERÂ 28,Â 2006

/S/Â STEPHENÂ E.Â RECHT

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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