

SHUTTERFLY INC
Form SC 13D/A
September 26, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D/A
Under The Securities Exchange Act of 1934
(Amendment No. 1)*

Shutterfly, Inc.
(Name of Issuer)

Common Stock, par value \$0.0001 per share
(Title of Class of Securities)

82568P304
(CUSIP Number)

Mario Cibelli
c/o Marathon Partners Equity Management, LLC
6 East 43rd Street, 23rd Floor
New York, NY 10017-4651
(212) 490-0399

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications)

09/25/2014
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13D-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The
remainder
of this cover
page shall

be filled out
for a
reporting
person's
initial filing
on this form
with respect
to the
subject class
of
securities,
and for any
subsequent
amendment
containing
information
which
would alter
disclosures
provided in
a prior
cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 82568P304

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Marathon Partners Equity Management, LLC

CHECK THE
APPROPRIATE

2. BOX IF A

MEMBER OF A
GROUP*

(a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS*

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

2,030,000

9.

SOLE
DISPOSITIVE
POWER

0

10. SHARED DISPOSITIVE POWER

2,030,000

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON

2,030,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.27%

14. TYPE OF REPORTING PERSON*

IA

CUSIP No. 82568P304

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Mario Cibelli

CHECK THE
APPROPRIATE

2. BOX IF A

MEMBER OF A
GROUP*

(a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS*

AF, PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

7. SOLE VOTING POWER

4800

8. SHARED VOTING POWER

2,030,000

9. SOLE

DISPOSITIVE

POWER

4800

10. SHARED DISPOSITIVE POWER

2,030,000

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,034,800

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.29%

14. TYPE OF REPORTING PERSON*

IN

CUSIP No. 82568P304

Item 1. Security and Issuer.

The name of the issuer is Shutterfly, Inc., a Delaware corporation (the "Issuer"). The address of the Issuer's offices is 2800 Bridge Parkway, Redwood City, California. This Schedule 13D relates to the Issuer's Common Stock, par value \$0.0001 per share (the "Shares").

Item 2. Identity and Background.

(a, f) This Schedule 13D is being filed jointly by Marathon Partners Equity Management, LLC and Mario Cibelli (collectively, the "Reporting Persons"). Marathon Partners Equity Management, LLC beneficially owns 5.27% of the Shares and Mario Cibelli beneficially own 5.29% of the Shares.

(b) The principal business address of the Reporting Persons is 6 East 43rd Street, 23rd Floor, New York, New York 10017-4651.

(c) Mario Cibelli is the managing member of Marathon Partners Equity Management, LLC, an investment management firm that serves as the investment adviser to certain private investment funds.

(d) None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

As of the date
hereof,
Marathon
Partners
Equity
Management,
LLC and
Mario Cibelli
each
beneficially
own
2,030,000
Shares held
by one or
more private
investment
funds

managed by
Marathon
Partners
Equity
Management,
LLC (the
"Funds") and
Mario Cibelli
beneficially
owns 4,800
Shares held in
his personal
accounts and
in the
accounts of
his family
members.
The Shares
owned
directly by
Mr. Cibelli
were acquired
with personal
funds. The
funds for the
purchase of
the Shares
held by the
Funds came
from the
working
capital of the
advisory
clients over
which the
Reporting
Persons
exercise
investment
discretion and
no borrowed
funds were
used to
purchase the
Shares other
than any
borrowed
funds used for
working
capital
purposes in

the ordinary
course of
business.

Item 4. Purpose of Transaction.

The Reporting Persons acquired their Shares of the Issuer for investment purposes.

The Reporting Persons have no plans or proposals which, other than as expressly set forth below, would relate to or would result in: (a) any extraordinary corporate transaction involving the Issuer; (b) a sale or transfer of a material amount of assets of the Issuer; (c) any change in the present Board of Directors or management of the Issuer; (d) any material change in the present capitalization or dividend policy of the Issuer; (e) any material change in the operating policies or corporate structure of the Issuer; (f) any change in the Issuer's charter or by-laws; (g) the Shares of the Issuer ceasing to be authorized to be quoted in the over-the-counter security markets; or (h) causing the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934. The Reporting Persons, however, reserve the right, at a later date, to effect one or more of such changes or transactions in the number of shares they may be deemed to beneficially own.

The Reporting Persons have been and may continue to be in contact with members of the Issuer's management, the Issuer's Board of Directors, other significant shareholders and others regarding alternatives that the Issuer could employ to improve shareholder value.

On September 25, 2014, the Reporting Persons sent a letter to the Board of Directors of the Issuer due to the recent reports that the Issuer has hired an investment bank to facilitate a sale of the Issuer. The Reporting Persons stated that they would be willing to support the sale of the Issuer, but only at a price that fairly compensates the shareholders for the upside they would forgo. The Reporting Persons also indicated that the Issuer's significant first quarter 2014 share repurchases at approximately \$52 per share were viewed or should have been viewed by fiduciaries as having been made at well below fair value. This implies that the Board believes the current fair value of the common shares of the Issuer is significantly above the said repurchase price of \$52 per share.

Item 5. Interest in Securities of the Issuer.

(a-e) As of the date hereof, Marathon Partners Equity Management, LLC may be deemed to be the beneficial owner of 2,030,000 Shares (5.27%) of the Issuer and Mario Cibelli may be deemed to be the beneficial owner of 2,034,800 Shares (5.29%) of the Issuer, based upon the 38,488,268 Shares outstanding as of July 30, 2014 as reported in the Issuer's 10-Q.

Marathon Partners Equity Management, LLC has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 2,030,000 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 2,030,000 Shares.

Mario Cibelli has the sole power to vote or direct the vote of 4800 Shares; has the shared power to vote or direct the vote of 2,030,000 Shares; has the sole power to dispose or direct the disposition of 4800 Shares; and has the shared power to dispose or direct the disposition of 2,030,000 Shares.

The transactions by the Reporting Persons in the securities of the Issuer during the past sixty days are set forth in Exhibit B.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The Reporting Persons have purchased call option contracts relating to the Common Stock with an expiration date of January 17, 2015 that give the Reporting Persons the right to purchase 225,000 Shares at a strike price of \$45.00 and the Reporting Persons have purchased call option contracts relating to the Common Stock with an expiration date of December 20, 2014 that give the Reporting Persons the right to purchase 35,000 Shares at a strike price of \$45.00 and 50,000 Shares at a strike price of \$50.00.

Except as otherwise disclosed in this Item 6, the Reporting Persons do not have any contract, arrangement, understanding or relationship with any person with respect to the Shares.

Item 7. Material to be Filed as Exhibits.

Exhibit A Joint Filing Statement

Exhibit B

Schedule of Transactions in the Shares of the Issuer

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

9/25/2014

(Date)

Marathon Partners Equity Management, LLC

/s/ Mario D. Cibelli

By: Mario D. Cibelli

Title: Managing Member

/s/ Mario D. Cibelli

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A

The undersigned agree that this Schedule 13D/A dated 9/25/2014, relating to the Common Stock, par value \$0.0001 per share of Shutterfly, Inc. shall be filed on behalf of the undersigned.

9/25/2014

(Date)

Marathon Partners Equity Management, LLC

/s/ Mario D. Cibelli

By: Mario D. Cibelli

Title: Managing Member

/s/ Mario D. Cibelli

Exhibit B

Transactions in Call Options by the Reporting Persons during the past 60 Days

| Date of Transaction | Number of Call Options Purchased | Price Per Share |
|---------------------|-------------------------------------|-----------------|
| 09/19/2014 | 500 | 2.71 |

Transactions in Common Stock, par value 0.0001 per share, by the Reporting Persons during the past 60 Days

| Date of Transaction | Number of Shares Purchased | Price Per Share |
|---------------------|-------------------------------|-----------------|
| 09/19/2014 | 20,000 | 47.3075 |

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