Galen Douglas J Form 4 July 30, 2009

FORM 4

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

Check this box

if no longer subject to Section 16. Form 4 or

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, 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)

(Last)

(Instr. 3)

1. Name and Address of Reporting Person * Galen Douglas J

(First)

2. Issuer Name and Ticker or Trading Symbol

SHUTTERFLY INC [SFLY]

3. Date of Earliest Transaction (Month/Day/Year)

07/28/2009

C/O SHUTTERFLY INC, 2800 **BRIDGE PARKWAY**

(Street)

(Middle)

Filed(Month/Day/Year)

4. If Amendment, Date Original

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

OMB

Number:

Expires:

response...

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burden hours per

OMB APPROVAL

3235-0287

January 31,

2005

0.5

Director 10% Owner X_ Officer (give title Other (specify below) below)

SR VP, BUS & CORP DEVELOPMENT

6. Individual or Joint/Group Filing(Check

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

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

REDWOOD CITY, CA 94065

(City) (State) (Zip) 1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year)

Execution Date, if (Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

Code V Amount (D) Price

(A)

5. Amount of Securities Beneficially Owned Following Reported Transaction(s)

(Instr. 3 and 4)

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

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

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

1. Title of Derivative Security

Conversion or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number Transaction of Derivative Expiration Date Code Securities

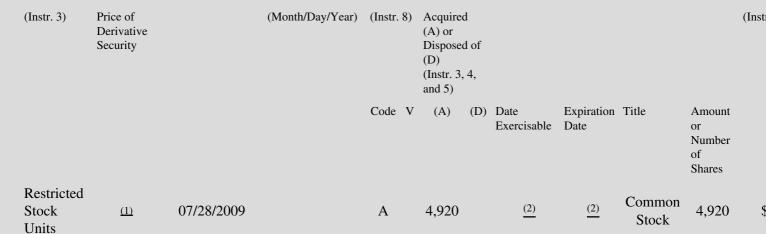
6. Date Exercisable and (Month/Day/Year)

7. Title and Amount of 8. Pr **Underlying Securities** (Instr. 3 and 4)

Deri

Secu

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Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Galen Douglas J C/O SHUTTERFLY INC 2800 BRIDGE PARKWAY REDWOOD CITY, CA 94065

SR VP, BUS & CORP DEVELOPMENT

Signatures

/s/Douglas Appleton, Attorney-in-Fact 07/30/2009

**Signature of Reporting Person Date

Explanation of Responses:

- * 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).
- (1) Each restricted stock unit represents a contingent right to receive one share of SFLY common stock.
- (2) The reported restricted stock units were earned on July 28, 2009 by Mr. Galen because predetermined performance metrics were met. These restricted stock units are now subject to time-based vesting in three equal annual installments beginning February 17, 2010.

Remarks:

This Statement confirms that the undersigned, Douglas J. Galen, has authorized and designated John A. Kaelle and Douglas A

/s/Douglas J. Galen

Date: May 13, 2009

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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