

SHUTTERFLY SECURES \$25 MILLION IN FINANCING

REDWOOD CITY, Calif. (February 24, 2000) — Shutterfly, the all-digital online photo service chaired by Jim Clark, founder of Silicon Graphics and Netscape Communications, today announced it closed a second round of financing totaling \$25 million with investments from Adobe Ventures, Tom Jermoluk, Jim Clark, and Mohr, Davidow Ventures. In addition, Tom Jermoluk, chairman of Excite@Home, will join Shutterfly's board of directors.

Shutterfly will use the funding for marketing, research and development, and continued expansion of its operations. The addition of Jermoluk as a board member and this significant new round of funding will enable Shutterfly to continue growing the consumer digital photography market by creating convenient and affordable ways for customers to get 35mm-quality photographic prints.

"This investment underscores our investors' strong commitment to online digital photography and Shutterfly," said CEO and Co-founder Jayne Spiegelman. "We are proud to deliver a service that opens up the possibilities of digital photography for everyone."

"We welcome Tom to our board," said Shutterfly Chairman Jim Clark. "His extensive knowledge and vast experience in shaping the high-tech landscape will help grow Shutterfly into the preeminent online digital photo service."

Jermoluk is chairman of the board of Excite@Home, (NASDAQ:ATHM), a global media company and a leading provider of broadband Web services and open Internet access via the cable infrastructure. "The future of photography is digital, and Shutterfly is clearly on track to becoming the online photo service of choice for the digital age," said Jermoluk. "I am proud to be joining forces with Jim Clark and the Shutterfly management team to fulfill that vision."

Adobe Ventures is a venture capital limited partnership chartered to invest in innovative companies strategic to the Adobe Systems software business. Adobe Systems, Inc., (NASDAQ:ADBE), is a leading provider of graphics and design software and the fourth largest U.S.-based personal software company, with annual revenues of \$1 billion. Shutterfly recently announced plans to partner with Adobe to bring Shutterfly's high-quality Internet photo printing service to Adobe's world-renowned family of digital imaging products and to grow the digital imaging market by creating convenient and affordable ways for consumers to obtain photographic prints of their favorite digital images.

George Zachary, partner, Mohr, Davidow Ventures, was an initial principal investor and has been a Shutterfly board director since the company's inception. Mohr, Davidow Ventures is a venture partnership that specializes in early stage investment for technology companies. "It has been great to see Shutterfly's digital photography service take off as we envisioned on day one. Adding Tom to the board will clearly add to our success," added George Zachary.

Shutterfly chairman and principal investor Jim Clark is the only person in business history to have created and grown three companies from inception to publicly traded companies with more than \$1 billion in market capitalization. One of high technology's most celebrated entrepreneurs, he also founded Silicon Graphics, Inc., Netscape Communications, Healtheon Corporation and myCFO, Inc.

About Shutterfly

Shutterfly, Inc. is an all-digital online photo service. Using advanced photo printing technologies, Shutterfly transforms digital images into 35-mm quality prints and mails them directly to individuals, family and friends. Shutterfly provides its members with private, secure online photo storage and management at no cost. The privately held company is headquartered in Redwood Shores, California. For more information about the company, visit its web site at www.shutterfly.com.

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