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APOLLO

Funds Managed by Affiliates of Apollo Global Management Announce the Acquisition of Shutterfly, Inc. in an All-Cash Transaction Valued at \$2.7 Billion

Shutterfly, Inc. stockholders to receive \$51.00 per share in cash in a transaction with an enterprise value of \$2.7 billion

Apollo Funds separately enter into a definitive agreement with Snapfish

NEW YORK, June 10, 2019 (GLOBE NEWSWIRE) -- Funds managed by affiliates of Apollo Global Management, LLC (together with its consolidated subsidiaries, "Apollo") (NYSE: APO), a leading global alternative investment manager, today announced that they have entered into a definitive agreement to acquire all of the outstanding shares of Shutterfly, Inc. (NASDAQ: SFLY) ("Shutterfly" or the "Company"), a leading retailer and manufacturing platform dedicated to helping capture, preserve, and share life's important moments, for \$51.00 per share in cash, or enterprise value of approximately \$2.7 billion.

The \$51.00 per share cash consideration represents a premium of 31% when compared to Shutterfly's unaffected closing stock price of \$38.91 on April 23, 2019, the last trading day before a media report was published speculating that Apollo Funds were considering a bid for the Company. The Shutterfly Board of Directors unanimously approved the agreement with the Apollo Funds and recommends that Shutterfly stockholders vote in favor of the transaction.

"We are extremely excited for our funds to acquire Shutterfly," said David Sambur, Senior Partner at Apollo. "At a time when billions of photos are taken every day, Shutterfly has led the charge as a pioneer of personalized photo products and school photography, helping consumers capture, preserve and share life's most important moments. We look forward to working with Shutterfly's talented employees and supporting further investments in technology to drive the continued growth and success of the business."

Shutterfly Transaction Details

The Shutterfly transaction is expected to close by early fourth quarter 2019. The transaction is subject to customary closing conditions, including approval by Shutterfly shareholders and receipt of approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Shutterfly transaction is not conditioned on the closing of the Apollo Funds' transaction with Snapfish.

Upon completion of the Shutterfly transaction, Shutterfly will become a privately held company, and its shares will no longer be listed on the NASDAQ Global Select Market.

Snapfish Transaction

Simultaneously, Apollo announced that the Apollo Funds entered into a definitive agreement to combine Snapfish, LLC (“Snapfish”), an internet-based retailer of photography products, with Shutterfly. Upon the closing of the Snapfish transaction, the Snapfish owners will become significant minority owners in the combined Shutterfly and Snapfish business.

The Snapfish transaction is subject to specified closing conditions, including the completion of the Apollo Funds’ acquisition of Shutterfly and receipt of approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Snapfish transaction is expected to close simultaneously with the Shutterfly acquisition.

Neil Cohen, Chairman of Snapfish and CEO of District Photo, Inc., commented, “We look forward to working with the Apollo Funds. The Apollo Funds bring substantial financial resources as we continue to invest in innovation, as well as valuable strategic perspectives to drive growth over the coming years. We are committed to supporting the company and continuing our relationship as a fulfillment partner.”

“We are thrilled to partner with two pioneers of the photo personalization industry in these innovative transactions,” said David Sambur, Senior Partner at Apollo. “We are confident that this transaction will create an opportunity for innovation and continued growth in the photo and personalized photo products industry. We are excited to work with Neil and the Snapfish team in this transaction, and to benefit from their market expertise after three generations in the photo product business. We believe that both companies will be better positioned to operate in a competitive marketplace through their enhanced ability to invest in product innovation to deliver the best consumer experience.”

Advisors and Financing Providers

Financing is being provided by Barclays, Citi and SunTrust Robinson Humphrey, Inc. (or a lending affiliate), who are also serving as financial advisors to the Apollo Funds. LionTree is serving as lead financial advisor to the Apollo Funds. Evercore is also acting as financial advisor to the Apollo Funds. Paul, Weiss, Rifkind, Wharton & Garrison LLP is acting as legal counsel to the Apollo Funds.

Morgan Stanley & Co. LLC is acting as financial advisor to Shutterfly, and Fenwick & West LLP is acting as its legal counsel.

UBS Investment Bank is acting as financial advisor to both the Apollo Funds, in connection with the Shutterfly transaction, and District Photo, Inc., in connection with the Snapfish transaction. Arent Fox LLP is acting as legal counsel to Snapfish.

About Shutterfly

Shutterfly, Inc. is a leading retailer and manufacturing platform for personalized products and communications. Founded in 1999, Shutterfly, Inc. has three divisions: Shutterfly Consumer, Lifetouch, and Shutterfly Business Solutions. Shutterfly Consumer and Lifetouch help consumers capture, preserve, and share life’s important moments through professional and personal photography, and personalized products. The Shutterfly brand brings photos to life in photo books, gifts, home décor, and cards and stationery. Lifetouch is the national leader in school photography, built on the enduring tradition of “Picture Day”, and also serves

families through portrait studios and other partnerships. Shutterfly Business Solutions delivers digital printing services that enable efficient and effective customer engagement through personalized communications. For more information about Shutterfly, Inc. (Nasdaq: SFLY), visit www.shutterflyinc.com.

About Snapfish

Headquartered in San Francisco, CA, Snapfish is a global leader in online photo printing services. Founded in 1999, it provides high-quality photo products to consumers looking for great value and selection. The company operates in multiple countries around the world and supports blue-chip companies' photo efforts. For more information, visit www.snapfish.com.

About Apollo

Founded in 1990, Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, San Diego, Houston, Bethesda, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong, Shanghai and Tokyo. Apollo had assets under management of approximately \$303 billion as of March 31, 2019 in private equity, credit and real assets funds invested across a core group of nine industries where Apollo has considerable knowledge and resources. For more information about Apollo, please visit www.apollo.com.

Forward-Looking Statements

This press release contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to the proposed transaction and the merger (the "Merger") of Merger Sub (as defined below) with and into Shutterfly, Inc., a Delaware corporation (which we may refer to as "we," "us," "our" or the "Company") on the terms and subject to the conditions set forth in the Agreement and Plan of Merger (the "Merger Agreement") by and among Photo Holdings, LLC, a Delaware limited liability company ("Parent"), Photo Holdings Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), and the Company, the benefits of the proposed transaction and the anticipated timing of the proposed transaction. Forward-looking statements can be generally identified by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "continue" or similar terminology. These statements reflect only the Company's current expectations and are not guarantees of future performance or results. Forward-looking information involves risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. Specific factors that could cause actual results to differ from results contemplated by forward-looking statements include, among others, (i) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; (ii) the inability to complete the Merger due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to completion of the Merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; (iii) risks regarding the failure of Parent to obtain the necessary financing to complete the Merger; (iv) risks related to disruption of management's attention from the Company's ongoing business operations due to the transaction; (v) the effect of the announcement of the Merger on the Company's relationships with its members, operating results and business generally; (vi) the risk that certain approvals or consents will not be received in a timely manner or that the Merger will not be consummated in a timely manner; (vii) the risk of exceeding the expected costs of the Merger; (viii) adverse changes in

governmental laws and regulations; (ix) adverse developments in the Company's relationships with its employees; (x) capital market conditions, including availability of funding sources for us; (xi) changes in our credit ratings; (xii) risks related to our increased indebtedness, including our ability to meet certain financial covenants in our debt instruments; (xiii) the risk of litigation, including stockholder litigation in connection with the proposed transaction, and the impact of any adverse legal judgments, fines, penalties, injunctions or settlements and (xiv) volatility in the market price of our stock. Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. For additional discussion of potential risks and uncertainties that could impact our results of operations or financial position, refer to the risk factors set forth in our Forms 10-K, 10-Q and 8-K.

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