

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **August 1, 2015**

Shutterstock, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-35669

(Commission
File Number)

80-0812659

(IRS Employer
Identification No.)

**350 Fifth Avenue, 21st Floor
New York, New York 10118**

(Address of principal executive offices, including zip code)

(646) 419-4452

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On August 6, 2015, Shutterstock, Inc. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended June 30, 2015. A copy of the press release is furnished as Exhibit 99.1 to this current report and is incorporated herein by reference.

The information furnished under Item 2.02 of this Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On August 1, 2015, Timothy E. Bixby notified the Company of his intention to resign as Chief Financial Officer and Treasurer of the Company so that he can pursue other opportunities. The effective date of his resignation has not yet been determined but is not expected to be later than September 30, 2015. Mr. Bixby has agreed to make himself available to the Company after the effective date of his resignation in order to assist the Company and his successor with this transition.

On August 3, 2015, Steven Berns notified the Company of his intention to resign as a member of the Board of Directors (the “Board”) of the Company and all committees of the Board on which he served, effective immediately, so that he can commence employment with the Company as its Chief Financial Officer and Treasurer, as further described below.

On August 5, 2015, the Company entered into an employment agreement (the “Agreement”) to hire and retain Steven Berns as Chief Financial Officer and Treasurer of the Company. Pursuant to the terms of the Agreement, Mr. Berns’ employment with the Company will begin no later than September 30, 2015, and he will be employed on an at-will basis. The Board also approved a modification to prior equity awards granted to Mr. Berns in his capacity as an independent director under the Company’s 2012 Omnibus Equity Incentive Plan (the “2012 Stock Plan”). These modifications provide that, so long as Mr. Berns’ employment commences by September 30, 2015, he shall be deemed to continue to be a Service Provider (as defined in the 2012 Stock Plan) during the period between his resignation from the Board and the date on which his employment begins.

Mr. Berns, 50, has served as the Executive Vice President and Chief Financial Officer of Tribune Media, one of the country’s leading multimedia companies, operating businesses in publishing, digital, and broadcasting, since June 2013. From February 2010 to June 2013, Mr. Berns served as the Executive Vice President and Chief Financial Officer of Revlon, Inc., a worldwide cosmetics and beauty products company, and he served as its Treasurer from May 2009 to February 2010. Mr. Berns previously served as Chief Financial Officer of Tradeweb, LLC, a leading over-the-counter, multi-asset class online marketplace, and a pioneer in the development of electronic trading and trade processing, from November 2007 to May 2009. From November 2005 until July 2007, Mr. Berns served as President, Chief Financial Officer and Director of MDC Partners Inc., a provider of marketing, activation and communications solutions and services, and from September 2004 to November 2005, Mr. Berns served as its Vice Chairman and Executive Vice President. Prior to that, Mr. Berns was the Senior Vice President and Treasurer of The Interpublic Group of Companies, Inc., an organization of advertising agencies and marketing services companies, from August 1999 until September 2004. Mr. Berns served as a director of LivePerson, Inc., a provider of hosted software products that facilitate real-time sales and customer service, from April 2002 until June 2011. Mr. Berns holds a B.S. from Lehigh University and an M.B.A. from New York University and is a Certified Public Accountant.

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There is no agreement or understanding between Mr. Berns and any other person pursuant to which he was appointed as Chief Financial Officer and Treasurer of the Company, nor is there any family relationship between Mr. Berns and any of the Company’s directors or other executive officers. Except in connection with Mr. Berns’ prior service as an independent member of the Company’s Board and certain committees of the Board, which service terminated on August 3, 2015 (except for purposes of the 2012 Stock Plan, as described above), there are no transactions in which Mr. Berns has an interest requiring disclosure under Item 404(a) of Regulation S-K.

Employment Agreement

Pursuant to the terms of the Agreement, Mr. Berns will receive an annual base salary of \$500,000 and will be eligible to receive an annual performance-based bonus award of up to 80% of his annual base salary.

The Agreement provides that Mr. Berns will be granted a restricted stock unit award covering 40,000 shares of the Company’s common stock under the 2012 Stock Plan, such award to vest as to one-fourth of the shares subject to the award on each of the first four anniversaries of the grant date, subject to Mr. Berns continuing to provide services to the Company through the relevant vesting dates. In addition, Mr. Berns will be granted a nonstatutory stock option award to purchase 100,000 shares of the Company’s common stock with an exercise price per share equal to the closing price for a share of the Company’s common stock on the grant date, as reported in The Wall Street Journal. The option award will vest as to one-fourth of the shares subject to the award on each of the first four anniversaries of the grant date, subject to Mr. Berns continuing to provide services to the Company through the relevant vesting dates.

Pursuant to the Agreement, if the Company terminates Mr. Berns’ employment with the Company for a reason other than Cause (as defined in the Agreement) or Mr. Berns’ death or disability, or Mr. Berns resigns his employment for Good Reason (as defined in the Agreement), at any time other than during the twenty-four-month period immediately following a Change in Control (as defined in the Agreement), then Mr. Berns will receive the following severance benefits from the Company:

- severance in an amount equal to twelve months of Mr. Berns’ base salary, which will be paid in accordance with the Company’s regular payroll procedures;
- a pro-rated annual bonus for the year in which the termination of employment occurs equal to the annual bonus Mr. Berns would have received based on actual performance if he had remained at the Company for the entire year, pro-rated based on the number of days worked relative to 365 days;
- reimbursement for premiums paid for coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), for Mr. Berns and his eligible dependents for up to twelve months;
- accelerated vesting as to all of Mr. Berns’ unvested and outstanding equity awards that would have become vested had he remained in the employ of the Company for the twelve (12)-month period following his termination of employment;
- outplacement benefits for six months following termination of employment, up to a maximum of \$5,000;
- all accrued but unpaid PTO, expense reimbursements, wages, and other benefits due to Mr. Berns under any Company-provided plans, policies and arrangements; and
- such other compensation or benefits as may be required by law.

If, during the twenty-four-month period immediately following a Change in Control, (x) the Company terminates Mr. Berns’ employment with the Company for a reason other than Cause or Mr. Berns’ death or disability, or (y) Mr. Berns resigns from such employment for Good Reason, then Mr. Berns will receive the severance benefits discussed above except (i) the severance shall be paid in a single lump sum following his termination of employment in accordance with the Company’s regular payroll procedures, (ii) in lieu of the pro-rated annual bonus, Mr. Berns will receive a lump sum severance payment equal to 100% of his full target bonus for the fiscal year in effect at the date of termination of employment (or, if greater, the fiscal year in which the Change in Control occurs), and (iii) vesting shall accelerate as to 100% of all of Mr. Berns’ outstanding equity awards.

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The foregoing description of the Agreement is qualified in its entirety by the text of the Agreement, which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

10.1 Employment Agreement dated August 5, 2015 between Shutterstock, Inc. and Steven Berns

99.1 Press Release dated August 6, 2015

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHUTTERSTOCK, INC.

Dated: August 6, 2015

By: /s/ Timothy E. Bixby
Timothy E. Bixby
Chief Financial Officer

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.1	Employment Agreement dated August 5, 2015 between Shutterstock, Inc. and Steven Berns
99.1	Press Release dated August 6, 2015

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SHUTTERSTOCK, INC.
 Empire State Building
 350 Fifth Avenue, 21st Floor
 New York, NY 10118

Steven Berns
 37 Thackeray Drive
 Short Hills, NJ 07078

Re: EMPLOYMENT AGREEMENT

Dear Steven:

This Employment Agreement (the “**Agreement**”) between you (referred to hereinafter as the “**Executive**” or “**you**”) and Shutterstock, Inc., a Delaware corporation (the “**Company**”) sets forth the terms and conditions that shall govern the period of your employment with the Company (referred to hereinafter as “**Employment**” or the “**Employment Period**”).

1. **Duties and Scope of Employment.**

(a) **At-Will Employment.** Executive will commence full-time Employment with the Company effective as of such date mutually agreed to by Executive and the Company, but no later than September 30, 2015 (the “**Start Date**”), the terms of such Employment will be governed by this Agreement. Executive’s Employment with the Company is for no specified period and constitutes “at will” employment. As a result, Executive is free to terminate Employment at any time, with or without advance notice, and for any reason or for no reason. Similarly, the Company is free to terminate Executive’s Employment at any time, with or without advance notice, and with or without Cause (as defined below). Furthermore, although terms and conditions of Executive’s Employment with the Company may change over time, nothing shall change the at-will nature of Executive’s Employment.

(b) **Position and Responsibilities.** During the Employment Period, the Company agrees to employ Executive in the position of Chief Financial Officer and Treasurer. Executive will report solely to the Company’s Chief Executive Officer (“**CEO**”) (your “**Supervisor**”), and Executive will be working out of the Company’s office in New York City, New York. Executive will perform the duties and have the responsibilities and authority customarily performed and held by an employee in Executive’s position together with such other duties and responsibilities consistent with your position, as reasonably assigned to you from time to time by the CEO or Board of Directors of the Company (“**Board**”). Executive shall be the senior-most financial executive and under no circumstance will the Company, absent a legitimate business need and for a short-term engagement, hire any finance employee that does not report to Executive. All finance employees will, absent a legitimate business need, be hired only with the express approval of Executive or a member of Executive’s staff as delegated by Executive.

(c) **Obligations to the Company.** During the Employment Period, Executive shall perform Executive’s duties faithfully and to the best of Executive’s ability and will devote substantially all of Executive’s full business efforts and time to the Company. During the

Employment Period, without the prior written approval of your Supervisor, Executive shall not render services in any capacity to any other person or entity and shall not act as a sole proprietor or partner of any other person or entity or own more than five percent (5%) of the stock of any other corporation, provided, however, that Executive may hold interests of up to 100% in investments of limited liability corporations and limited partnerships that are set up and run solely for the purpose of the passive personal investments of Executive and his family. Notwithstanding the foregoing, Executive may serve on up to two (2) civic or charitable boards or committees, and may deliver lectures, fulfill speaking engagements, teach at educational institutions, or manage personal investments without advance written consent of your Supervisor; provided that such activities do not individually or in the aggregate materially interfere with the performance of Executive’s duties under this Agreement or create a potential business or fiduciary conflict. Executive shall comply with the Company’s policies and rules, as they may be in effect from time to time during Executive’s Employment. The Company agrees that, following prior approval by the Board (which approval shall not unreasonably be withheld), Executive may participate as a member of the board of directors of up to two companies, so long as his service does not individually or in the aggregate materially interfere with the performance of his duties, create a potential business or fiduciary conflict, and/or violate the Non-Disclosure Agreement (as defined below).

(d) **No Conflicting Obligations.** Executive represents and warrants to the Company that Executive is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with Executive’s obligations under this Agreement. In connection with Executive’s Employment, Executive shall not use or disclose any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and Executive’s Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that Executive has returned all property and confidential information belonging to any prior employer.

2. **Cash and Incentive Compensation.**

(a) **Base Salary.** The Company shall pay Executive, as compensation for Executive’s services, a base salary at a gross annual rate of \$500,000, less all required tax withholdings and other applicable deductions, in accordance with the Company’s standard payroll procedures. The annual compensation specified in this subsection (a), together with any modifications in such compensation that the Company may make from time to time, is referred to in this Agreement as the “**Base Salary.**” Executive’s Base Salary will be subject to review based upon the Company’s normal performance review practices and may stay the same or be adjusted up, as determined in the sole discretion of the Board, the Committee or the Delegate, as applicable. Effective as of the date of any change to Executive’s Base Salary, the Base Salary as so changed shall be considered the new Base Salary for all purposes of this Agreement.

(b) **Cash Incentive Bonus.** Executive will be eligible to be considered for an annual cash incentive bonus (the “**Cash Bonus**”), less all required tax withholdings and other applicable deductions, each calendar year during the Employment Period based upon the achievement of certain objective or subjective criteria (collectively, the “**Performance Goals**”). In compliance with all relevant legal requirements and based on Executive’s level within the Company, the Performance Goals for Executive’s Cash Bonus for a particular year will be

recommended by the CEO (following consultation with Executive) and approved in the sole discretion of the Board, any Compensation Committee of the Board (the "**Committee**"), or a delegate of either the Board or the Committee (the "**Delegate**"), as applicable. The initial target amount for any such Cash Bonus will be up to 80% of Executive's Base Salary (the "**Target Bonus Percentage**"). The determinations of the Board, the Committee or the Delegate, as applicable, with respect to such Cash Bonus or the Target Bonus Percentage shall be final and binding. Executive's Target Bonus Percentage for any subsequent year may stay the same or be adjusted up, as determined in the sole discretion of the Board, the Committee or the Delegate, as applicable. Executive shall not earn a Cash Bonus unless Executive is employed by the Company on the date when such Cash Bonus is actually paid by the Company. Any Cash Bonus payable for the 2015 calendar year shall be pro-rated based on the number of days Executive was employed by the Company during such year; provided, however, that in no event will Executive's Cash Bonus for the 2015 calendar year be less than \$200,000.

(c) **Restricted Stock Units.** Subject to the approval of the Board, the Committee or a Delegate, as applicable, the Company shall grant Employee restricted stock units in respect of 40,000 shares of the Company's common stock (the "**RSU Award**"). The RSU Award shall be granted on or after, but in all events by no later than the first day of the calendar month next following, the Start Date, at the discretion of the Board, the Committee or a Delegate (the "**Grant Date**"), and shall be settled in shares of Company common stock. Subject to any vesting acceleration rights Executive may have, the RSU Award shall vest and become payable as to one-fourth (1/4) of the shares subject to the RSU Award on each of the first four (4) anniversaries of the Grant Date, subject to Executive continuing to provide services to the Company through the relevant vesting dates. The RSU Award will be subject to the terms, definitions and provisions of the Company's 2012 Omnibus Equity Incentive Plan (the "**Equity Plan**") and the restricted stock unit agreement by and between Executive and the Company (the "**RSU Agreement**"), both of which documents are incorporated herein by reference. Executive will be eligible for future awards under the Equity Plan, as determined in the sole discretion of the Board, the Committee or the Delegate, as applicable.

(d) **Stock Options.** Subject to the approval of the Board, the Committee or the Delegate, as applicable, the Company shall grant Executive a nonstatutory stock option, to purchase 100,000 shares of the Company's common stock (the "**Option**"). The Option shall be granted on the Grant Date. The exercise price per share will be equal to the closing price for a share of the Company's common stock on the Grant Date, as reported in The Wall Street Journal or such other source as the Company deems reliable. The term of the Option shall be ten (10) years, subject to earlier expiration in the event of the termination of Executive's services to the Company. Subject to any vesting acceleration rights Executive may have, the Option will vest as to twenty-five percent (25%) of the shares subject to the Option one (1) year after the Grant Date, and as to an additional twenty-five percent (25%) of the shares subject to the Option annually thereafter on each subsequent anniversary of the Grant Date, so that the Option will be fully vested and exercisable four (4) years from the Grant Date, subject to Executive continuing to provide services to the Company through the relevant vesting dates. The Option will be subject to the terms, definitions and provisions of the Equity Plan and the stock option agreement by and between Executive and the Company (the "**Option Agreement**"), both of which documents are incorporated herein by reference. Executive will be eligible for future awards

under the Equity Plan, as determined in the sole discretion of the Board, the Committee or the Delegate, as applicable.

3. **Employee Benefits.** During the Employment Period, Executive shall be eligible to participate in the employee benefit plans maintained by the Company and generally available to similarly situated employees of the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such employee benefit plan. The Company reserves the right to cancel or change the employee benefit plans and programs it offers to its employees at any time.

4. **Business Expenses.** The Company will reimburse Executive for necessary and reasonable business expenses incurred in connection with Executive's duties hereunder upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Rights Upon Termination.** Except as expressly provided in Section 6, upon the termination of Executive's Employment, Executive shall only be entitled to (i) the accrued but unpaid Base Salary compensation and paid time off ("**PTO**"), (ii) other benefits earned and the reimbursements described in this Agreement or under any Company-provided plans, policies, and arrangements for the period preceding the effective date of the termination of Employment and (iii) such other compensation or benefits from the Company as may be required by law (collectively, the "**Accrued Benefits**").

6. **Termination Benefits.**

(a) **Termination without Cause or Resignation for Good Reason Prior to or More Than 24 Months Following a Change in Control.** If, prior to a Change in Control or more than twenty-four (24) months following a Change in Control, (x) the Company terminates Executive's employment with the Company for a reason other than for Cause, Executive becoming Disabled or Executive's death, or (y) Executive resigns from such employment for Good Reason (as defined below), then, subject to Section 7, Executive will receive the following severance benefits from the Company:

(i) **Accrued Compensation.** The Company will pay Executive all Accrued Benefits.

(ii) **Severance Payment.** Executive will receive continuing payments of severance pay at a rate equal to Executive's Base Salary, as then in effect, for the Severance Period, less all required tax withholdings and other applicable deductions, which will be paid in accordance with the Company's regular payroll procedures.

(iii) **Continued Employee Benefits.** If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for Executive and Executive's eligible dependents, within the time period prescribed pursuant to COBRA, the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive's termination or resignation) until the earlier of (A) the end of the Severance Period, or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar

plans. COBRA reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy and will be taxable to the extent required to avoid adverse consequences to Executive or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.

(iv) **Equity.** All of Executive's unvested and outstanding equity awards that would have become vested had Executive remained in the employ of the Company for the twelve (12)-month period following Executive's termination of employment shall immediately vest and become exercisable as of the date of Executive's termination.

(v) **Pro-Rated Bonus Payment.** Executive will receive a pro-rated annual bonus for the fiscal year in which Executive terminates employment equal to (x) the annual bonus that Executive would have received based on actual performance for such fiscal year if Executive had remained in the employ of the Company for the entire fiscal year multiplied by (y) a fraction, the numerator of which is the number of days Executive was in the employ of the Company during the fiscal year including the Termination Date and the denominator of which is 365 (the "**Pro-Rated Bonus**"). The Pro-Rated Bonus, if any, shall be paid at the same time annual bonuses are paid by the Company to other executives of the Company for the fiscal year in which Executive terminated employment, but no later than March 15th of the calendar year following the calendar year in which Executive terminated employment.

(vi) **Outplacement Benefits.** If requested by Executive, the Company will pay the expense for outplacement benefits provided by a service to be determined by the Company in its discretion for a period of six (6) months, up to a maximum dollar value of five thousand dollars (\$5,000) following Executive's termination.

(b) **Termination without Cause or Resignation for Good Reason Within 24 Months Following a Change in Control.** If during the twenty-four (24)-month period immediately following a Change in Control, (x) the Company terminates Executive's employment with the Company for a reason other than for Cause, Executive becoming Disabled or Executive's death, or (y) Executive resigns from such employment for Good Reason, then, subject to Section 7, Executive will receive the following severance benefits from the Company (for the avoidance of doubt, such benefits are in lieu of the benefits described in Section 6(a) above):

(i) **Accrued Compensation.** The Company will pay Executive all Accrued Benefits.

(ii) **Severance Payment.** Executive will receive a lump sum severance payment equal to twelve (12) months of Executive's Base Salary as in effect immediately prior to the date of Executive's termination of employment, less all required tax withholdings and other applicable deductions, which will be paid in accordance with the Company's regular payroll procedures.

(iii) **Continued Employee Benefits.** If Executive elects continuation coverage pursuant to COBRA for Executive and Executive's eligible dependents, within the time period prescribed pursuant to COBRA, the Company will reimburse Executive for the COBRA

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premiums for such coverage (at the coverage levels in effect immediately prior to Executive's termination or resignation) until the earlier of (A) a period of twelve (12) months from the last date of employment of Executive with the Company, or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. COBRA reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy and will be taxable to the extent required to avoid adverse consequences to Executive or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.

(iv) **Equity.** All of Executive's unvested and outstanding equity awards shall immediately vest and become exercisable as of the date of Executive's termination.

(v) **Target Bonus Payment.** Executive will receive a lump sum severance payment equal to one hundred percent (100%) of Executive's full target bonus amount for the fiscal year in effect at the date of such termination of employment (or, if greater, as in effect for the fiscal year in which the Change in Control occurs), less all required tax withholdings and other applicable deductions.

(vi) **Outplacement Benefits.** If requested by Executive, the Company will pay the expense for outplacement benefits provided by a service to be determined by the Company in its discretion for a period of six (6) months, up to a maximum dollar value of five thousand dollars (\$5,000) following Executive's termination.

(c) **Disability; Death; Voluntary Resignation; Termination for Cause.** If Executive's employment with the Company is terminated due to (i) Executive becoming Disabled or Executive's death, (ii) Executive's voluntary resignation (other than for Good Reason), or (iii) the Company's termination of Executive's employment with the Company for Cause, then Executive or Executive's estate (as the case may be) will receive the Accrued Benefits, but will not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, COBRA). All Accrued Benefits shall in all cases be paid within thirty (30) days of Executive's termination of employment (or such earlier date as required by applicable law) pursuant to this Section 6(c).

(d) **Timing of Payments.** Subject to any specific timing provisions in Section 6(a), 6(b) or 6(c), as applicable, or the provisions of Section 7, payment of the severance and benefits hereunder shall be made or commence to be made as soon as practicable following Executive's termination of employment.

(e) **Exclusive Remedy.** In the event of a termination of Executive's employment with the Company, the provisions of this Section 6 shall govern and dictate all payments and benefits to which Executive may be eligible as a result of his termination. Executive will be eligible to receive no other severance, benefits, compensation or other payments or rights upon a termination of employment, including, without limitation, any severance payments and/or benefits provided in the Employment Agreement, other than those benefits expressly set forth in Section 6 of this Agreement or pursuant to written equity award agreements with the Company. Notwithstanding the foregoing, nothing herein is intended to waive any rights Executive may

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have to vested benefits as of his termination and/or any payments or benefits he may be entitled to by applicable law.

(f) **No Duty to Mitigate.** Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that Executive may receive from any other source reduce any such payment.

7. **Conditions to Receipt of Severance.**

(a) **Release of Claims Agreement.** The receipt of any severance payments or benefits pursuant to this Agreement, other than, for the avoidance of doubt, the Accrued Benefits, is subject to Executive signing and not revoking a separation agreement and release of claims in a form acceptable to the Company (the “**Release**”), which shall contain, among other provisions, a mutual release of claims provision pursuant to which Executive is released from claims arising out of acts undertaken by him in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, provided that such release does not include any claims arising out of or related to any fraudulent, criminal, or willful misconduct by Executive. The Release must become effective no later than the sixtieth (60th) day following Executive’s termination of employment (the “**Release Deadline**”), and if not, Executive will forfeit any right to severance payments or benefits under this Agreement. To become effective, the Release must be executed by Executive and any revocation periods (as required by statute, regulation, or otherwise) must have expired without Executive having revoked the Release. In addition, in no event will severance payments or benefits be paid or provided until the Release actually becomes effective. If the termination of employment occurs at a time during the calendar year where the Release Deadline could occur in the calendar year following the calendar year in which Executive’s termination of employment occurs, then any severance payments or benefits under this Agreement that would be considered Deferred Payments (as defined in Section 7(c)(i)) will be paid on the first payroll date to occur during the calendar year following the calendar year in which such termination occurs, or such later time as required by (i) the payment schedule applicable to each payment or benefit as set forth in Section 6, (ii) the date the Release becomes effective, or (iii) Section 7(c)(ii); provided that the first payment shall include all amounts that would have been paid to Executive if payment had commenced on the date of Executive’s termination of employment.

(b) **Non-Disclosure Agreement.** Executive’s receipt of any payments or benefits under Section 6 will be subject to Executive’s continued compliance with the requirements set for in the Non-Disclosure Agreement (as defined in Section 9(a) below).

(c) **Section 409A.**

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation not exempt under Section 409A (together, the “**Deferred Payments**”) will be paid or otherwise provided until Executive has a “separation from service” within the meaning of Section 409A. And for purposes of this Agreement, any reference to “termination of employment,” “termination” or any similar term shall be construed to mean a

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“separation from service” within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has a “separation from service” within the meaning of Section 409A.

(ii) Notwithstanding anything to the contrary in this Agreement, if Executive is a “**specified employee**” within the meaning of Section 409A at the time of Executive’s termination of employment (other than due to death), then the Deferred Payments, if any, that are payable within the first six (6) months following Executive’s separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive’s separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive’s separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment, installment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(iii) Without limitation, any amount paid under this Agreement that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations is not intended to constitute Deferred Payments for purposes of clause (i) above.

(iv) Without limitation, any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit is not intended to constitute Deferred Payments for purposes of clause (i) above. Any payment intended to qualify under this exemption must be made within the allowable time period specified in Section 1.409A-1(b)(9)(iii) of the Treasury Regulations.

(v) To the extent that reimbursements or in-kind benefits under this Agreement constitute non-exempt “nonqualified deferred compensation” for purposes of Section 409A, (1) all reimbursements hereunder shall be made on or prior to the last day of the calendar year following the calendar year in which the expense was incurred by Executive, (2) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (3) the amount of expenses eligible for reimbursement or in-kind benefits provided in any calendar year shall not in any way affect the expenses eligible for reimbursement or in-kind benefits to be provided, in any other calendar year.

(vi) The payments and benefits provided under Sections 6(a) and 6(b) are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be exempt or so comply. The Company and Executive agree to work together in

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good faith to consider amendments to this Agreement and to take such reasonable actions that are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

8. **Definition of Terms.** The following terms referred to in this Agreement will have the following meanings:

(a) **Cause.** “Cause” means:

- (i) Executive’s gross negligence in the performance of his duties and responsibilities to the Company or Executive’s violation of any written Company policy, provided that Executive was given prior written notice of any such deficiencies and was granted at least fourteen (14) days to correct any such deficiencies if the Company determines such deficiencies can be cured;
- (ii) Executive’s willful misconduct in the performance of his duties and responsibilities to the Company;
- (iii) Executive’s commission of any act of fraud, theft, embezzlement, financial dishonesty or any other willful misconduct that has caused or is reasonably expected to result in injury to the Company;
- (iv) Executive’s conviction of, or pleading guilty or nolo contendere to, any felony or a lesser crime involving dishonesty or moral turpitude;
- (v) Executive’s alcohol abuse or other substance abuse;
- (vi) Executive’s unauthorized use or disclosure of (i) any Confidential Information (as defined in the Non-Disclosure Agreement) or trade secrets of the Company or (ii) the confidential information or trade secrets of any other party to whom Executive owes an obligation of nondisclosure; or
- (vii) Executive’s material breach of any of his material obligations under any written agreement or covenant with the Company.

(b) **Change in Control.** “Change in Control” shall have the meaning ascribed to such term in the Company’s 2012 Omnibus Equity Incentive Plan, provided that any such event constitutes a “change in control event” under Treasury Regulation Section 1.409A-3(i)(5)(i).

(c) **Code.** “Code” means the Internal Revenue Code of 1986, as amended.

(d) **Disability.** “Disability” or “Disabled” means that Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one (1) year.

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(e) **Good Reason.** “Good Reason” means Executive’s termination of employment within ninety (90) days following the expiration of any cure period (discussed below) following the occurrence, without Executive’s consent, of one or more of the following:

- (i) A material reduction of Executive’s duties, authority or responsibilities, relative to Executive’s duties, authority or responsibilities in effect immediately prior to such reduction;
- (ii) A material reduction in Executive’s base compensation (except where there is a reduction applicable to all similarly situated executive officers generally);
- (iii) A material change in the geographic location of Executive’s primary work facility or location; provided, that a relocation of less than thirty-five (35) miles from Executive’s then-present work location will not be considered a material change in geographic location; or
- (iv) A material breach by the Company of a material provision of this Agreement.

Executive will not resign for Good Reason without first providing the Company with written notice within sixty (60) days of the event that Executive believes constitutes “Good Reason” specifically identifying the acts or omissions constituting the grounds for Good Reason and a reasonable cure period of not less than thirty (30) days following the date of such notice during which such condition must not have been cured.

(f) **Section 409A.** “Section 409A” means Code Section 409A, and the final regulations and any guidance promulgated thereunder or any state law equivalent.

(g) **Section 409A Limit.** “Section 409A Limit” will mean two (2) times the lesser of: (i) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during Executive’s taxable year preceding Executive’s taxable year of his or her separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which Executive’s separation from service occurred.

(h) **Severance Period.** “Severance Period” shall mean twelve (12) months.

9. **Pre-Employment Conditions.**

(a) **Non-Disclosure Agreement.** Your acceptance of this offer and your Employment with the Company is contingent upon the execution, and delivery to an officer of the Company, of the Company’s Confidentiality, Non-Disclosure, Inventions, Non-Solicitation, and Non-Competition

(b) **Right to Work.** For purposes of federal immigration law, you will be required, if you haven’t already, to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your Start Date, or our Employment relationship with you may be terminated.

(c) **Verification of Information.** This Agreement is also contingent upon the successful verification of the information you provided to the Company during your application process, as well as a general background check performed by the Company to confirm your suitability for Employment. By accepting this Agreement, you warrant that all information provided by you is true and correct to the best of your knowledge, you agree to execute any and all documentation necessary for the Company to conduct a background check and you expressly release the Company from any claim or cause of action arising out of the Company’s verification of such information.

10. **Arbitration.**

(a) **Arbitration.** In consideration of your Employment with the Company, its promise to arbitrate all employment-related disputes, and your receipt of the compensation, pay raises and other benefits paid to you by the Company, at present and in the future, you agree that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from your Employment with the Company or termination thereof, including any breach of this Agreement, will be subject to binding arbitration.

(b) **Dispute Resolution.** Disputes that Executive agrees to arbitrate, and thereby agrees to waive any right to a jury trial, include any statutory claims under local, state, or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Sarbanes Oxley Act, the Worker Adjustment and Retraining Notification Act, the New York State Human Rights Law, New York Equal Rights Law, New York Whistleblower Protection Law, New York Family Leave Law, New York Equal Pay Law, the New York City Human Rights Law, claims of harassment, discrimination, and wrongful termination, and any statutory or common law claims. Executive further understands that this agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(c) **Procedure.** Executive agrees that any arbitration will be administered by Judicial Arbitration & Mediation Services, Inc. (“*JAMS*”), pursuant to its Employment Arbitration Rules & Procedures (the “*JAMS Rules*”). The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions for class certification, prior to any arbitration hearing. The arbitrator shall have the power to award any remedies available under applicable law. The Company will pay for any administrative or hearing fees charged by the administrator or JAMS, and all arbitrator’s fees, except that Executive shall pay any filing fees associated with any arbitration that Executive initiates, but

only so much of the filing fee as Executive would have instead paid had Executive filed a complaint in a court of law. Executive agrees that the arbitrator shall administer and conduct any arbitration in accordance with New York law, and that the arbitrator shall apply substantive and procedural New York law to any dispute or claim, without reference to the rules of conflict of law. To the extent that the JAMS Rules conflict with New York law, New York law shall take precedence. The decision of the arbitrator shall be in writing. Any arbitration under this Agreement shall be conducted in New York County, New York.

(d) **Remedy.** Except as provided by the Act, arbitration shall be the sole, exclusive, and final remedy for any dispute between you and the Company. **Accordingly, except as provided by the Act and this Agreement, neither you nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration.** Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator will not order or require the Company to adopt a policy not otherwise required by law that the Company has not adopted.

(e) **Administrative Relief.** You are not prohibited from pursuing an administrative claim with a local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, including, but not limited to, the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers’ Compensation Board. However, you may not pursue court action regarding any such claim, except as permitted by law.

(f) **Voluntary Nature of Agreement.** You acknowledge and agree that you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. You further acknowledge and agree that you have carefully read this Agreement and that you have asked any questions needed for you to understand the terms, consequences and binding effect of this Agreement and fully understand it, including that **YOU ARE WAIVING YOUR RIGHT TO A JURY TRIAL.** Finally, you agree that you have been provided an opportunity to seek the advice of an attorney of your choice before signing this Agreement.

11. **Successors.**

(a) **Company’s Successors.** This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets. For all purposes under this Agreement, the term “*Company*” shall include any successor to the Company’s business or assets that become bound by this Agreement.

(b) **Your Successors.** This Agreement and all of Executive’s rights hereunder shall inure to the benefit of, and be enforceable by, Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

12. **Miscellaneous Provisions.**

service and Executive shall also be covered under a directors and officers liability insurance policy paid for by the Company to the extent that the Company maintains such a liability insurance policy now or in the future.

(b) **Headings.** All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(c) **Notice.**

(i) **General.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In Executive's case, mailed notices shall be addressed to Executive at the home address that Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(ii) **Notice of Termination.** Any termination by the Company for Cause or by Executive for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 12(c)(i) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice), subject to any applicable cure period. The failure by Executive or the Company to include in the notice any fact or circumstance which contributes to a showing of Good Reason or Cause, as applicable, will not waive any right of Executive or the Company, as applicable, hereunder or preclude Executive or the Company, as applicable, from asserting such fact or circumstance in enforcing his or her or its rights hereunder, as applicable.

(d) **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) **Whole Agreement.** No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Non-Disclosure Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Choice of Law and Severability.** This Agreement shall be interpreted in accordance with the laws of the State of New York without giving effect to provisions governing the choice of law. If any provision of this Agreement becomes or is deemed invalid, illegal or

unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively, the "**Law**") then that provision shall be curtailed or limited only to the minimum extent necessary to bring the provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(h) **No Assignment.** This Agreement and all of your rights and obligations hereunder are personal to you and may not be transferred or assigned by you at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer to such entity of all or a substantial portion of the Company's assets.

(i) **Acknowledgment.** You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your personal attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Agreement, and are knowingly and voluntarily entering into this Agreement.

(j) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

After you have had an opportunity to review this Agreement, please feel free to contact me if you have any questions or comments. To indicate your acceptance of this Agreement, please sign and date this letter in the space provided below and return it to the Company.

Very truly yours,

SHUTTERSTOCK, INC.

By: /s/ Laurie Harrison
(Signature)

Name: Laurie Harrison

Title: VP and General Counsel

Date: 8/5/15

ACCEPTED AND AGREED:

STEVEN BERNS

/s/ Steven Berns
(Signature)

8/5/2015
Date

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ATTACHMENT A

NON-DISCLOSURE AGREEMENT

(See Attached)

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Shutterstock Reports Second Quarter 2015 Financial Results

Second Quarter 2015 Highlights:

- Revenue increased 30% to \$104.4 million
- Adjusted EBITDA increased 24% to \$20.7 million
- Non-GAAP Net Income per Diluted Share increased 24% to \$0.31
- Revenue per download increased 13% and paid downloads increased 14%
- Image collection expanded 47% to 57.2 million images and 2.9 million video clips

New York - August 6, 2015 - Shutterstock, Inc. (NYSE: SSTK), a leading global provider of commercial imagery and music, today announced financial results for the second quarter ended June 30, 2015.

Founder and CEO Jon Oringer said “Shutterstock delivered another quarter of strong growth as the quality, breadth and diversity of our content library, along with unparalleled search functionality, continues to attract more users to our platform. We also took several strategic steps this past quarter to further strengthen our long-term growth profile, most notably expanding our subscription offerings and securing a broad-based editorial partnership with Penske Media. Meeting the evolving needs of the creative community remains our primary focus as we look to create additional value for our customers, contributors and shareholders.”

SECOND QUARTER RESULTS

Revenue

Second quarter revenue of \$104.4 million increased \$24.1 million or 30% as compared to the second quarter of 2014 primarily due to a 13% increase in revenue per download from growth in both on-demand offerings and enterprise sales, as well as a 14% increase in the number of paid downloads, mainly due to new customers. Second quarter results also included contributions from newly acquired businesses PremiumBeat and Rex Features. Excluding contributions from newly acquired businesses and the impact of foreign currency, total Company revenue growth was approximately 27% in the second quarter.

Adjusted EBITDA

Adjusted EBITDA of \$20.7 million increased \$4.0 million or 24% as compared to the second quarter of 2014 as the 30% revenue growth was partially offset by an increase in operating expenses primarily from higher royalty costs associated with the increase in paid downloads. Additionally, the second quarter of 2015 included higher personnel and marketing expenses to support growth, as well as operating costs associated with newly acquired businesses. Excluding the contributions from newly acquired businesses and the impact of foreign currency, Adjusted EBITDA growth was approximately 32% in the second quarter. Adjusted EBITDA is defined as net income adjusted for other (expense)/income, income taxes, depreciation, amortization, disposals and non-cash equity-based compensation.

Net Income

Net income available to common stockholders of \$5.3 million (\$0.15 per diluted share) for the second quarter increased 10% as compared to \$4.9 million (\$0.14 per diluted share) in the second quarter a year ago as the improved operating performance was partially offset by an increase in non-cash equity-based compensation expense and amortization of acquisition related intangible assets.

Non-GAAP net income, which excludes the after tax impact of non-cash equity-based compensation, the amortization of acquisition related intangible assets and changes in fair value of contingent consideration related to acquisitions, was \$11.2 million (\$0.31 per diluted share) for the second quarter, an increase of 23% as compared to \$9.1 million (\$0.25 per diluted share) in the second quarter of 2014.

Cash

Free cash flow was \$14.1 million for the second quarter, a decrease of \$3.2 million from the second quarter of 2014 as the improved operating performance was more than offset by working capital fluctuations. Free cash flow is defined as cash provided by operating activities adjusted for capital expenditures and content acquisition.

The Company’s cash, cash equivalents and short term investments totaled \$266.4 million at June 30, 2015 as compared to \$288.3 million as of December 31, 2014, primarily reflecting the \$40.1 million of cash generated from operations, which was more than offset by cash paid for acquisitions of approximately \$65 million. The Company generated \$18.6 million of cash from operations in the second quarter of 2015, as compared to \$21.2 million generated in the second quarter of 2014.

OPERATING METRICS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in millions, except revenue per download)		(in millions, except revenue per download)	
Number of paid downloads	35.9	31.5	69.3	61.2

Revenue per download (1)	\$	2.85	\$	2.52	\$	2.86	\$	2.49
Images in our collection (end of period)		57.2		38.8		57.2		38.8

(1) Revenue per download metric excludes the impact of revenue not associated with content downloads.

FINANCIAL OUTLOOK

The Company's current expectations for the third quarter and updated expectations for the full year 2015 are as follows:

Third Quarter 2015

- Revenue of \$105 - \$108 million
- Adjusted EBITDA of \$18 - \$20 million
- Non-cash equity-based compensation expense of approximately \$8 million
- Effective tax rate of approximately 44%
- Capital expenditures of approximately \$5 million

Full Year 2015

- Revenue of \$425 - \$430 million
- Adjusted EBITDA of \$82 - \$85 million
- Non-cash equity-based compensation expense of approximately \$31 million
- Effective tax rate of approximately 44%
- Capital expenditures of approximately \$18 million

NON-GAAP FINANCIAL MEASURES

Shutterstock considers adjusted EBITDA, non-GAAP net income, and free cash flow to be important financial indicators of the Company's operational strength and the performance of its business. Shutterstock defines adjusted EBITDA as net income adjusted for other (expense)/income, income taxes, depreciation, amortization, disposals and non-cash equity-based compensation; non-GAAP net income as net income excluding the after tax impact of non-cash equity-based compensation, the amortization of acquisition-related intangible assets and changes in fair value of contingent consideration related to acquisitions; and free cash flow as cash provided by/(used in) operating activities adjusted for capital expenditures and content acquisition. These figures are non-GAAP financial measures and should be considered in addition to results prepared in accordance with generally accepted accounting principles (GAAP), and should not be considered as a substitute for, or superior to, GAAP results. In addition, adjusted EBITDA, non-GAAP net income, and free cash flow should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

A reconciliation of the differences between adjusted EBITDA, non-GAAP net income, and free cash flow, and the most comparable financial measure calculated and presented in accordance with GAAP, is presented under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Consolidated Balance Sheets.

EARNINGS TELECONFERENCE INFORMATION

The Company will discuss its second quarter financial results during a teleconference today, August 6, 2015, at 8:30 AM ET. The conference call can be accessed in the U.S. at (877) 306-0077 or outside the U.S. at (678) 562-4243 with the conference ID# 56296832. A live audio webcast of the call will also be available simultaneously at <http://investor.shutterstock.com>.

Following completion of the call, a recorded replay of the webcast will be available in the investor relations section of Shutterstock's website. A telephone replay of the call will also be available until August 13, 2015 in the U.S. at (855) 859-2056 or outside the U.S. at (404) 537-3406 with the conference ID# 56296832.

Additional investor information can be accessed at <http://investor.shutterstock.com>.

ABOUT SHUTTERSTOCK

Shutterstock, Inc. (NYSE: SSTK), is a leading global provider of high-quality licensed photographs, vectors, illustrations, videos and music to businesses, marketing agencies and media organizations around the world. Working with its growing community of over 80,000 contributors, Shutterstock adds hundreds of thousands of images each week, and currently has more than 50 million images and 3 million video clips available.

Headquartered in New York City, with offices in Amsterdam, Berlin, Chicago, Dallas, Denver, London, Los Angeles, Montreal, Paris, San Francisco and Silicon Valley, Shutterstock has customers in more than 150 countries. The Company also owns Bigstock, a value-oriented stock media agency; Offset, a high-end image collection; PremiumBeat a curated royalty-free music library; Rex Features, a premier source of editorial images for the world's media; Skillfeed, an online marketplace for learning; and WebDAM, a cloud-based digital asset management service for businesses.

For more information, please visit www.shutterstock.com, and follow Shutterstock on Twitter or Facebook.

Statements in this press release regarding management's future expectations, predictions, beliefs, goals, intentions, plans, prospects or strategies, including statements regarding Shutterstock's future financial and operating performance on both a GAAP and non-GAAP basis and statements regarding Shutterstock's ability to create additional benefits for its users and build long-term shareholder value, may constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including risks related to any unforeseen changes to or the effects on liabilities, financial condition, future capital expenditures, revenue, expenses, net income or loss, synergies and future prospects; our inability to continue to attract and retain customers and contributors to our online marketplace for commercial digital imagery and music; a decrease in repeat customer purchases or in content contributed to our online marketplace; our inability to successfully operate in a new and rapidly changing market and to evaluate our future prospects; competitive factors; assertions by third parties of infringement or other violations of intellectual property rights by Shutterstock; our inability to increase market awareness of Shutterstock and our services; Shutterstock's inability to increase the percentage of its revenues that come from larger companies; our inability to continue expansion into international markets and the additional risks associated with operating internationally; failure to respond to technological changes or upgrade Shutterstock's website and technology systems; general economic conditions worldwide; our ability to successfully integrate acquisitions and the associated technology and achieve operational efficiencies; and other factors and risks discussed under the heading "Risk Factors" in our most recent Annual Report on Form 10-K, as well as in other documents that may be filed by Shutterstock from time to time with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, Shutterstock's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. Shutterstock is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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Craig Felenstein
212 598 9440
ir@shutterstock.com

Shutterstock, Inc.
Consolidated Statements of Operations
(In thousands, except for share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue	\$ 104,365	\$ 80,238	\$ 201,887	\$ 153,016
Operating expenses:				
Cost of revenue	42,545	32,047	82,070	61,159
Sales and marketing	27,429	20,492	52,534	39,768
Product development	10,189	9,275	20,873	17,052
General and administrative	14,536	10,013	28,508	17,552
Total operating expenses	94,699	71,827	183,985	135,531
Income from operations	9,666	8,411	17,902	17,485
Other (expense) income, net	(57)	—	(2,619)	46
Income before income taxes	9,609	8,411	15,283	17,531
Provision for income taxes	4,272	3,550	6,703	7,753
Net income	\$ 5,337	\$ 4,861	\$ 8,580	\$ 9,778
Less:				
Undistributed earnings to participating stockholder	—	10	2	21
Net income available to common stockholders	\$ 5,337	\$ 4,851	\$ 8,578	\$ 9,757
Net income per basic share available to common stockholders:				
Undistributed	\$ 0.15	\$ 0.14	\$ 0.24	\$ 0.28
Basic	\$ 0.15	\$ 0.14	\$ 0.24	\$ 0.28
Net income per diluted share available to common stockholders:				
Undistributed	\$ 0.15	\$ 0.14	\$ 0.24	\$ 0.27
Diluted	\$ 0.15	\$ 0.14	\$ 0.24	\$ 0.27
Weighted average shares outstanding:				
Basic	35,864,051	35,148,876	35,750,077	35,089,254
Diluted	36,339,517	35,874,789	36,266,989	35,857,899

Shutterstock, Inc.
Consolidated Balance Sheets
(In thousands, except par value amount)
(unaudited)

June 30, 2015

December 31, 2014

ASSETS

Current assets:			
Cash and cash equivalents		\$ 211,479	\$ 233,453
Short-term investments		54,891	54,844
Credit card receivables		3,791	2,451
Accounts receivable, net		23,735	15,251
Prepaid expenses and other current assets		13,987	12,141
Deferred tax assets, net		5,507	5,390
Total current assets		<u>313,390</u>	<u>323,530</u>
Property and equipment, net		28,964	26,744
Intangibles assets, net		32,159	4,934
Goodwill		54,740	10,186
Deferred tax assets, net		18,132	16,484
Other assets		1,974	1,899
Total assets		<u>\$ 449,359</u>	<u>\$ 383,777</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable		\$ 9,298	\$ 5,334
Accrued expenses		26,301	25,073
Contributor royalties payable		17,435	11,933
Income taxes payable		1,171	—
Deferred revenue		89,279	75,789
Other liabilities		4,226	2,198
Total current liabilities		<u>147,710</u>	<u>120,327</u>
Deferred tax liability, net		4,338	—
Other non-current liabilities		13,689	12,017
Total liabilities		<u>165,737</u>	<u>132,344</u>
Commitment and contingencies			
Stockholders' equity:			
Common stock, \$0.01 par value; 200,000 shares authorized; 35,981 and 35,603 shares outstanding as of June 30, 2015 and December 31, 2014, respectively		360	356
Additional paid-in capital		198,029	174,821
Accumulated comprehensive loss		(232)	(629)
Retained earnings		85,465	76,885
Total stockholders' equity		<u>283,622</u>	<u>251,433</u>
Total liabilities and stockholders' equity		<u>\$ 449,359</u>	<u>\$ 383,777</u>

Shutterstock, Inc.
Reconciliation of Non-GAAP Financial Information to GAAP
(In thousands, except for share and per share information)
(Unaudited)

The following information is not a financial measure under generally accepted accounting principles (GAAP). In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as one measure of our operations. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our results with our results from other reporting periods and with the results of other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 5,337	\$ 4,861	\$ 8,580	\$ 9,778
Add/(less):				
(a) Depreciation and amortization	3,498	2,081	6,494	3,632
(b) Write-off of property and equipment	—	—	—	367
(c) Non-cash equity-based compensation	7,580	6,256	15,088	9,393
(d) Other expense (income), net	57	—	2,619	(46)
(e) Provision for income taxes	4,272	3,550	6,703	7,753
Adjusted EBITDA (1)	<u>\$ 20,744</u>	<u>\$ 16,748</u>	<u>\$ 39,484</u>	<u>\$ 30,877</u>
Adjusted EBITDA per diluted common share	<u>\$ 0.57</u>	<u>\$ 0.47</u>	<u>\$ 1.09</u>	<u>\$ 0.86</u>
Weighted average diluted shares	<u>36,339,517</u>	<u>35,874,789</u>	<u>36,266,989</u>	<u>35,857,899</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 5,337	\$ 4,861	\$ 8,580	\$ 9,778
(a) Non-cash equity-based compensation, net of tax effect	4,873	4,095	9,693	6,245

(b) Acquisition related amortization expense, net of tax effect	759	105	1,326	137
(c) Change in fair value of contingent consideration, net of tax effect	243	25	569	25
Non-GAAP net income	\$ 11,212	\$ 9,086	\$ 20,168	\$ 16,185
Non-GAAP net income per diluted common share	\$ 0.31	\$ 0.25	\$ 0.56	\$ 0.45
Weighted average diluted shares	36,339,517	35,874,789	36,266,989	35,857,899
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net cash provided by operating activities	\$ 18,630	\$ 21,158	\$ 40,099	\$ 36,787
Capital expenditures and content acquisition	(4,526)	(3,899)	(7,557)	(14,780)
Free cash flow	\$ 14,104	\$ 17,259	\$ 32,542	\$ 22,007
Adjusted EBITDA	\$ 20,744	\$ 16,748	\$ 39,484	\$ 30,877
Add/(less):				
(a) Changes in operating assets and liabilities	5,003	12,181	11,828	24,478
(b) Provision for income taxes	(4,272)	(3,550)	(6,703)	(7,753)
(c) Deferred income taxes	(1,740)	(2,072)	(1,825)	(2,474)
(d) Excess tax benefit from exercise of stock options	(1,799)	(2,376)	(1,700)	(8,721)
(e) Provision for doubtful accounts/chargeback/sales refund reserves	468	187	834	294
(f) Other (expense) income, net	(57)	—	(2,619)	46
(g) Change in fair value of contingent consideration	283	40	800	40
Net cash provided by operating activities	\$ 18,630	\$ 21,158	\$ 40,099	\$ 36,787

(1) Earnings/(loss) before other income/(expense), income taxes, depreciation, amortization, disposals and non-cash equity-based compensation.

SHUTTERSTOCK, INC.
SUPPLEMENTAL FINANCIAL DATA
(unaudited; in thousands)

Non-Cash Equity-Based Compensation

Included in the accompanying financial results are expenses related to non-cash equity-based compensation, as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Cost of revenue	\$ 466	\$ 368	\$ 948	\$ 617
Sales and marketing	1,428	968	2,746	1,870
Product development	1,751	1,775	4,120	2,724
General and administrative	3,935	3,145	7,274	4,182
Total	\$ 7,580	\$ 6,256	\$ 15,088	\$ 9,393

Amortization of Intangible Assets and Depreciation of Property and Equipment

Included in the accompanying financial results are expenses related to the amortization of intangible assets, as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Cost of revenue	\$ 393	\$ 29	\$ 668	\$ 41
General and administrative	870	138	1,538	177
Total	\$ 1,263	\$ 167	\$ 2,206	\$ 218

Included in the accompanying financial results are expenses related to the depreciation of property and equipment, as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Cost of revenue	\$ 1,201	\$ 1,106	\$ 2,349	\$ 2,003
General and administrative	1,034	808	1,939	1,411
Total	\$ 2,235	\$ 1,914	\$ 4,288	\$ 3,414

Historical Operating Metrics

	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15
	(in millions, except revenue per download)								
Number of paid downloads	24.3	25.4	28.0	29.7	31.5	31.2	33.5	33.4	35.9
Revenue per download (1)	\$ 2.33	\$ 2.35	\$ 2.43	\$ 2.45	\$ 2.52	\$ 2.65	\$ 2.68	\$ 2.87	\$ 2.85
Images in collection (end of period)	27.3	29.7	32.2	35.4	38.8	42.7	46.8	51.6	57.2

(1) Revenue per download metric excludes the impact of revenue not associated with content downloads.
