
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35669

SHUTTERSTOCK, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

80-0812659

(I.R.S. Employer
Identification No.)

Shutterstock, Inc.

350 Fifth Avenue, 21st Floor

New York, NY 10118

(Address of principal executive offices, including zip code)

(646) 766-1855

(Registrant's telephone number, including area code)

Indicate by check mark whether registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

Class

Outstanding at April 29, 2016

Common Stock, \$0.01 par value per share

34,995,785

Shutterstock, Inc.
FORM 10-Q
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For the Quarterly Period Ended March 31, 2016

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, particularly in the discussions under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. These include statements that involve expectations, plans or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features, products or services, or management strategies) based on our management’s current beliefs and assumptions. These forward-looking statements can be identified by words such as “may”, “will”, “would”, “should”, “could”, “expect”, “anticipate”, “believe”, “estimate”, “intend”, “plan” and other similar expressions. However, not all forward-looking statements contain these words. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed under the caption “Risk Factors” in our most recently filed Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or the SEC, on February 24, 2016, and in our consolidated financial statements, related notes, and the other information appearing elsewhere in such report, as well as information appearing in this report on Form 10-Q and our other filings with the SEC. Any forward-looking statement made by us in this Quarterly Report on Form 10-Q speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may occur and it is not possible for us to predict them all. We do not intend, and, except as required by law, we undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless the context otherwise indicates, references in this Quarterly Report on Form 10-Q to the terms “Shutterstock”, “the Company”, “we”, “our” and “us” refer to Shutterstock, Inc. and its subsidiaries. “Shutterstock”, “Offset”, “Bigstock”, “Rex Features”, “PremiumBeat” and “WebDAM” are registered trademarks or logos appearing in this Quarterly Report on Form 10-Q and are the property of Shutterstock, Inc. or one of our subsidiaries. All other trademarks, service marks and trade names appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.**

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

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 220,563	\$ 241,304
Short-term investments	54,980	47,078
Credit card receivables	4,548	2,811
Accounts receivable, net	30,412	25,653
Prepaid expenses and other current assets	12,111	11,713
Deferred tax assets, net	6,655	7,116
Total current assets	329,269	335,675
Property and equipment, net	37,884	32,094
Intangible assets, net	29,231	29,781
Goodwill	52,385	50,934
Deferred tax assets, net	17,789	18,691
Other assets	2,765	1,946
Total assets	\$ 469,323	\$ 469,121
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,989	\$ 6,816
Accrued expenses	31,315	30,696
Contributor royalties payable	18,890	17,822
Income taxes payable	385	953
Deferred revenue	105,500	98,239
Other liabilities	5,346	6,258
Total current liabilities	170,425	160,784
Deferred tax liability, net	3,512	3,778
Other non-current liabilities	18,234	15,994
Total liabilities	192,171	180,556
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, \$0.01 par value; 200,000 shares authorized; 36,453 and 36,146 shares issued and 35,113 and 35,686 shares outstanding as of March 31, 2016 and December 31, 2015, respectively	365	361
Treasury stock, at cost; 1,340 and 460 shares as of March 31, 2016 and December 31, 2015, respectively	(43,461)	(15,635)
Additional paid-in capital	222,207	213,851
Accumulated comprehensive loss	(4,529)	(6,449)
Retained earnings	102,570	96,437
Total stockholders' equity	277,152	288,565
Total liabilities and stockholders' equity	\$ 469,323	\$ 469,121

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2016	2015
Revenue	\$ 116,652	\$ 97,522
Operating expenses:		
Cost of revenue	48,063	39,525
Sales and marketing	27,088	25,105
Product development	11,225	10,684
General and administrative	19,454	13,972
Total operating expenses	105,830	89,286
Income from operations	10,822	8,236
Other expense, net	(12)	(2,562)
Income before income taxes	10,810	5,674
Provision for income taxes	4,677	2,431
Net income	\$ 6,133	\$ 3,243
Less: Undistributed earnings to participating stockholder	—	2
Net income available to common stockholders	\$ 6,133	\$ 3,241
Net income per share available to common stockholders:		
Basic	\$ 0.17	\$ 0.09
Diluted	\$ 0.17	\$ 0.09
Weighted average shares outstanding:		
Basic	35,375	35,635
Diluted	36,099	36,193

See Notes to Unaudited Consolidated Financial Statements.

Shutterstock, Inc.
Consolidated Statements of Comprehensive Income
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	\$ 6,133	\$ 3,243
Foreign currency translation gain (loss)	1,856	(3,099)
Unrealized gain on investments	64	8
Other comprehensive income (loss)	1,920	(3,091)
Comprehensive income	<u>\$ 8,053</u>	<u>\$ 152</u>

See Notes to Unaudited Consolidated Financial Statements.

Shutterstock, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Three Months Ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 6,133	\$ 3,243
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,184	2,995
Deferred taxes	1,285	(85)
Non-cash equity-based compensation	7,353	7,508
Change in fair value of contingent consideration	2,365	517
Tax effect from exercise/vesting of equity awards, net	1,514	99
Bad debt reserve	1,183	346
Chargeback and sales refund reserves	—	20
Changes in operating assets and liabilities:		
Credit card receivables	(1,697)	(1,305)
Accounts receivable	(5,994)	(3,970)
Prepaid expenses and other current and non-current assets	(3,126)	(470)
Accounts payable and other current and non-current liabilities	1,286	2,336
Contributor royalties payable	1,103	1,525
Income taxes payable	612	829
Deferred revenue	6,760	7,882
Net cash provided by operating activities	<u>\$ 22,961</u>	<u>\$ 21,470</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(7,770)	(2,182)
Purchase of investments	(59,951)	(68,592)
Sale and maturities of investments	52,100	68,455
Acquisition of business, net of cash acquired	—	(62,379)
Acquisition of digital content	(628)	(849)
Security deposit payment	(818)	(67)
Net cash used in investing activities	<u>\$ (17,067)</u>	<u>\$ (65,614)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(27,743)	—
Proceeds from exercise of stock options	1,627	3,043
Proceeds from issuance of common stock under 2012 Employee Stock Purchase Plan	—	4
Tax effect from exercise/vesting of equity awards, net	(1,514)	(99)
Net cash (used in) provided by financing activities	<u>\$ (27,630)</u>	<u>\$ 2,948</u>
Effect of foreign exchange rate changes on cash	995	(1,777)
Net decrease in cash and cash equivalents	<u>(20,741)</u>	<u>(42,973)</u>
Cash and cash equivalents, beginning of period	241,304	233,453
Cash and cash equivalents, end of period	<u>\$ 220,563</u>	<u>\$ 190,480</u>
Supplemental Disclosure of Cash Information:		
Cash paid for income taxes	\$ 4,195	\$ 1,317

See Notes to Unaudited Consolidated Financial Statements.

Shutterstock, Inc.
Notes to Consolidated Financial Statements
(unaudited)

(1) Summary of Operations and Significant Accounting Policies

Summary of Operations

Shutterstock, Inc., together with its subsidiaries (collectively, the “Company” or “Shutterstock”), operates a global marketplace and is a leading provider of high-quality creative content including: (a) digital imagery, which consists of licensed photographs, vectors, illustrations and video clips that customers use in their visual communications, such as websites, digital and print marketing materials, corporate communications, books, publications and video content; and (b) commercial music, which consists of high-quality music tracks and sound effects, and is often used to complement the digital imagery. The Company licenses creative content to its customers. Contributors upload their creative content to the Company’s websites in exchange for royalty payments based on customer download activity. The Company also offers digital asset management services through its cloud-based digital asset management platform, WebDAM. This service provides tools for customers to better manage creative content and brand management assets.

In recent years, the Company has grown, in part, through acquisitions, most notably through the acquisition of WebDAM in 2014 and the acquisitions of Rex Features and PremiumBeat in 2015. The Company is headquartered in New York City with offices in Amsterdam, Berlin, Chicago, Dallas, Denver, London, Los Angeles, Montreal, Paris, San Francisco and Silicon Valley.

Basis of Presentation

The unaudited consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all information and footnotes required by U.S. GAAP for complete financial statements.

The interim consolidated balance sheet as of March 31, 2016, the consolidated statements of operations, comprehensive income and cash flows for the three months ended March 31, 2016 and 2015 are unaudited. The consolidated balance sheet as of December 31, 2015, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures required by U.S. GAAP. These unaudited interim financial statements have been prepared on a basis consistent with the Company’s annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary to state fairly the Company’s financial position as of March 31, 2016 and its results of consolidated operations, comprehensive income and cash flows for the three months ended March 31, 2016 and 2015. The financial data and the other financial information disclosed in the notes to the financial statements related to these periods are also unaudited. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2016 or for any other future annual or interim period.

There have been no material changes in the significant accounting policies from those that were disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 24, 2016. These financial statements should also be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2015.

The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain immaterial changes in presentation have been made to conform the prior period presentation to current period reporting.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Company’s management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. The Company evaluates its significant estimates on an ongoing basis, including, but not limited to allowance for doubtful accounts, sales refund reserve, the fair value of goodwill, intangible assets and other long-lived assets, non-cash equity-based compensation, the fair value of contingent consideration, the provision for income taxes and the amount of certain non-income tax accruals. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Shutterstock, Inc.
Notes to Consolidated Financial Statements
(unaudited)

Restricted Cash

The Company's restricted cash relates to security deposits for its office leases. As of March 31, 2016 and December 31, 2015, the Company had restricted cash of approximately \$2.6 million and \$1.8 million, respectively, in other assets that related to the lease for its headquarters in New York City, which expires in 2029. In January 2016, this lease was amended to provide additional space and extend the lease term, which required an increased security deposit. The carrying value of restricted cash approximates fair value.

Allowance for Doubtful Accounts

The Company's accounts receivable consist of customer obligations due under normal trade terms, carried at their face value less an allowance for doubtful accounts, if required. The Company determines its allowance for doubtful accounts based on an evaluation of the aging of its accounts receivable and on a customer-by-customer basis where appropriate. The Company's reserve analysis contemplates the Company's historical loss rate on receivables, specific customer situations and the economic environments in which the Company operates. As of March 31, 2016 and December 31, 2015, the Company's allowance for doubtful accounts was approximately \$4.7 million and \$3.8 million, respectively, which is included as a reduction of accounts receivable.

Deferred Rent

The Company records rent expense on a straight-line basis over the term of the related lease. The difference between the rent expense recognized and the actual payments made in accordance with the lease agreement is recognized as a deferred rent liability on the Company's balance sheet. As of March 31, 2016, the Company had deferred rent of \$7.8 million, of which \$0.7 million is included in other liabilities and \$7.1 million is included in other non-current liabilities. As of December 31, 2015, the Company had deferred rent of \$8.0 million, of which \$0.7 million was included in other liabilities and \$7.3 million was included in other non-current liabilities.

Chargeback and Sales Refund Allowance

The majority of the Company's customers purchase products by making an electronic payment with a credit card at the time of a transaction. The Company establishes a chargeback allowance and sales refund reserve allowance based on factors surrounding historical credit card chargeback trends, historical sales refund trends and other information. As of both March 31, 2016 and December 31, 2015, the Company's combined allowance for chargebacks and sales refunds was \$0.7 million, which is included in other liabilities.

Income Taxes

The Company's income tax expense includes U.S. (federal and state) and foreign income taxes. Significant management judgment is required in projecting ordinary income in order to determine the Company's estimated effective tax rate.

The Company assessed the realizability of deferred tax assets and determined that based on the available evidence, including a history of taxable income and estimates of future taxable income, it is more likely than not that the deferred tax assets will be realized. The Company will continue to evaluate its ability to realize deferred tax assets on a quarterly basis. Significant management judgment is required in determining the provision for income taxes and deferred tax assets and liabilities. In the event that actual results differ from these estimates, the Company will adjust these estimates in future periods, which may result in a change in the effective tax rate in a future period.

Recently Issued Accounting Standard Updates

In March 2016, the Financial Accounting Standards Board ("FASB") issued new guidance related to stock-based compensation. The new standard changes how companies account for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as the classification of certain related items in the statement of cash flows. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective approach; amendments related to the recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term should be applied prospectively; and amendments related to the presentation of excess tax benefits on the statement of cash flows may be applied prospectively or retrospectively. The Company is evaluating the impact of adopting this new accounting standard on its financial statements.

Shutterstock, Inc.
Notes to Consolidated Financial Statements
(unaudited)

In February 2016, the FASB issued new guidance related to leases. The new standard requires that the rights and obligations created by leases with a duration greater than 12 months be recorded as assets and liabilities on the balance sheet of the lessee. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 and can be applied using a modified retrospective approach for all leases entered into before the effective date. Early adoption is permitted. The Company is evaluating the impact of adopting this new accounting standard on its financial statements.

In November 2015, the FASB issued new guidance related to income taxes. The new standard requires that all deferred tax assets and liabilities, and any related valuation allowance, be classified as non-current on the balance sheet. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016, although early adoption is permitted and can be applied either prospectively or retrospectively to all periods presented. The Company is evaluating the impact of adopting this new accounting standard on its financial statements.

In May 2014, the FASB issued new accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and will eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB approved the deferral of the effective date of this guidance by one year. As a result, this new guidance will be effective for the fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company may choose to adopt the standard as of the original effective date for annual reporting periods beginning after December 15, 2016; if it does so, the Company is required to apply the standard beginning in the first interim period within the year of adoption. The Company is evaluating the impact, if any, of adopting this new accounting standard on its financial statements.

(2) Fair Value Measurements

The following tables present the Company's fair value hierarchy for its assets and liabilities (in thousands):

	As of March 31, 2016			
	Aggregate Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market accounts	\$ 81,341	\$ 81,341	\$ —	\$ —
Commercial paper	54,980	—	54,980	—
Total assets measured at fair value	<u>\$ 136,321</u>	<u>\$ 81,341</u>	<u>\$ 54,980</u>	<u>\$ —</u>
Liabilities:				
Acquisition-related contingent consideration	\$ 13,440	\$ —	\$ —	\$ 13,440
Total liabilities measured at fair value	<u>\$ 13,440</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,440</u>
As of December 31, 2015				
	Aggregate Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market accounts	\$ 89,153	\$ 89,153	\$ —	\$ —
Commercial paper	47,078	—	47,078	—
Total assets measured at fair value	<u>\$ 136,231</u>	<u>\$ 89,153</u>	<u>\$ 47,078</u>	<u>\$ —</u>
Liabilities:				
Acquisition-related contingent consideration	\$ 11,075	\$ —	\$ —	\$ 11,075
Total liabilities measured at fair value	<u>\$ 11,075</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,075</u>

Money Market Accounts

Cash equivalents include money market accounts and are classified as a level 1 measurement based on quoted prices in active markets for identical assets that the reporting entity can access at the measurement date.

Shutterstock, Inc.
Notes to Consolidated Financial Statements
(unaudited)

Commercial Paper

The Company's short-term investments consist of commercial paper with original maturity dates of 90 days or less, which are available to support current operations and are classified as available-for-sale securities. Commercial paper is classified as a level 2 measurement based on quoted market prices for identical assets, which are subject to infrequent transactions.

Short-term investments are summarized as follows (in thousands):

	<u>As of March 31, 2016</u>	<u>As of December 31, 2015</u>
Commercial Paper:		
Amortized cost	\$ 54,982	\$ 47,084
Unrealized gains	—	—
Unrealized losses	(2)	(6)
Total short-term investments measured at fair value	<u>\$ 54,980</u>	<u>\$ 47,078</u>

Acquisition-Related Contingent Consideration

The Company reassesses the fair value of contingent consideration to be settled in cash related to the Company's acquisitions of WebDAM and PremiumBeat using the Black-Scholes model until the settlement amount of the cash flow is determinable. These contingencies are considered level 3 measurements. Significant assumptions used in measuring the fair value include probabilities of achieving certain revenue milestones based on the Company's expectations, and a discount rate which is based on an unobservable input that is supported by little or no market activity.

As of December 31, 2015, the settlement amount of the contingent consideration related to the Company's acquisition of WebDAM was determined to be \$4.0 million and is included in other liabilities. No changes in fair value were recorded during the three months ended March 31, 2016. The contingent consideration of \$4.0 million was paid in April 2016.

As of March 31, 2016, the settlement amount of the contingent consideration related to the PremiumBeat acquisition was determined to be \$10.0 million, which will be paid during 2017, and the fair value of the contingent consideration, which reflects the present value of the amount that will be paid, was \$9.4 million and is included in other non-current liabilities. As of December 31, 2015, the fair value of the contingent consideration was \$7.1 million, and was included in other non-current liabilities.

Other Fair Value Measurements

Cash, accounts receivable, restricted cash, accounts payable, accrued expenses and deferred revenue carrying amounts approximate fair value because of the short-term nature of these instruments. The Company's non-financial assets, which include property and equipment, intangible assets and goodwill, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the Company is required to evaluate the non-financial asset for impairment, a resulting asset impairment would require that non-financial assets be recorded at the fair value.

(3) Property and Equipment

Property and equipment is summarized as follows (in thousands):

	<u>As of March 31, 2016</u>	<u>As of December 31, 2015</u>
Computer equipment and software	\$ 40,836	\$ 37,502
Furniture and fixtures	2,819	2,933
Leasehold improvements	14,856	14,471
Property and equipment	58,511	54,906
Less accumulated depreciation	(20,627)	(22,812)
Property and equipment, net	<u>\$ 37,884</u>	<u>\$ 32,094</u>

Depreciation expense related to property and equipment was \$2.9 million and \$2.1 million for the three months ended March 31, 2016 and 2015, respectively. Depreciation expense is included in cost of revenue and general and administrative expense based on the nature of the asset being depreciated.

Shutterstock, Inc.
Notes to Consolidated Financial Statements
(unaudited)

Capitalized Internal Use Software

For the three months ended March 31, 2016 and 2015, the Company capitalized approximately \$2.8 million and \$0.1 million, respectively, which is included in total capitalized software costs. The portion of total depreciation expense related to capitalized internal use software for the three months ended March 31, 2016 and 2015 was \$0.5 million and \$0.1 million, respectively, which is included in cost of revenue and general and administrative expense.

As of March 31, 2016 and December 31, 2015, the Company had internal use software of \$6.2 million and \$3.9 million, respectively, net of accumulated depreciation, which is included in property and equipment, net.

(4) Goodwill, Intangible Assets and Acquisition Activity

Goodwill

The Company's goodwill balance is attributable to its Bigstock, Editorial, Music and WebDAM reporting units and is tested for impairment at least annually on October 1 or upon a triggering event. Bigstock, Music and Editorial are included in the Company's "Content Business" reporting segment while WebDAM is included in the non-reportable "Other Category". The following table summarizes the changes in the Company's goodwill balance by reportable and non-reportable segments through March 31, 2016 (in thousands):

	Consolidated	Content Business	Other Category
Balance as of December 31, 2015	\$ 50,934	\$ 42,171	\$ 8,763
Foreign currency translation adjustment	1,451	1,451	—
Balance as of March 31, 2016	\$ 52,385	\$ 43,622	\$ 8,763

No triggering events were identified during the three months ended March 31, 2016.

Other Intangible Assets

Intangible assets consist of the following as of March 31, 2016 and December 31, 2015 (in thousands):

	As of March 31, 2016		Weighted Average Life (Years)	As of December 31, 2015	
	Gross Carrying Amount	Accumulated Amortization		Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets:					
Customer relationships	\$ 18,704	\$ (3,045)	9	\$ 19,523	\$ (3,089)
Trade name	7,193	(1,444)	7	7,111	(1,188)
Developed technology	3,651	(1,383)	4	3,734	(1,129)
Contributor content	5,989	(729)	9	5,138	(567)
Patents	209	(43)	17	193	(40)
Domain name	160	(31)	14	120	(25)
Total	\$ 35,906	\$ (6,675)		\$ 35,819	\$ (6,038)

Amortization expense was \$1.2 million and \$0.9 million for the three months ended March 31, 2016 and 2015, respectively. The Company also determined that there was no indication of impairment of the intangible assets for any period presented. Estimated amortization expense for the next five years is \$4.0 million for the remaining nine months of 2016, \$5.1 million in 2017, \$4.1 million in 2018, \$3.8 million in 2019, \$3.4 million in 2020 and \$2.9 million thereafter.

Acquisition Activity

Rex Features

On January 19, 2015, the Company acquired all of the shares of Rex Features (Holdings) Limited, or Rex Features, pursuant to a stock purchase agreement. The total purchase price consisted of a cash payment of \$32.7 million subject to certain working capital adjustments. The transaction was accounted for using the acquisition method and, accordingly, the results of the acquired business have been included in the Company's results of operations from the acquisition date.

Shutterstock, Inc.
Notes to Consolidated Financial Statements
(unaudited)

Goodwill related to the acquisition of Rex Features is attributable to its ability to serve as an integral part of the Company's editorial offering, serving as a base for accelerating the growth of the offering by leveraging Rex Features' editorial expertise and the Company's technical capabilities and position in the marketplace, and is not deductible for tax purposes.

PremiumBeat

On January 22, 2015, the Company acquired substantially all of the assets and certain liabilities of Arbour Interactive, Inc., or PremiumBeat, pursuant to an asset purchase agreement. The total purchase price of \$35.4 million consisted of a cash payment of \$31.7 million and \$3.7 million in contingent consideration based on certain performance criteria. As of March 31, 2016, the fair value of the contingent consideration related to the PremiumBeat acquisition was \$9.4 million, which represents the present value of the amount that will be paid, and is included in other liabilities. During the three months ended March 31, 2016, the Company recorded a change in the fair value of the contingent consideration in the amount of \$2.4 million, of which \$0.7 million was recorded as component of other (expense) income, net related to the passage of time and \$1.7 million was recorded as a component of general and administrative expense related to a modification of the terms of the contingent consideration agreement. The transaction was accounted for using the acquisition method and, accordingly, the results of the acquired business have been included in the Company's results of operations from the acquisition date.

Goodwill related to the acquisition of PremiumBeat is attributable to expected synergies from future growth and the ability to accelerate the growth of the Company's music offering by leveraging PremiumBeat's experience in the music market, and is deductible for tax purposes.

2015 Acquisition Activity

The fair value of consideration transferred in the acquisitions of Rex Features and PremiumBeat was allocated to the intangible and tangible assets acquired and liabilities assumed at the acquisition date, with the remaining unallocated amount recorded as goodwill. The fair values of intangible assets were determined primarily using the income approach.

The aggregate purchase price was allocated to the assets acquired and liabilities assumed as follows (in thousands):

	<u>Acquisition Activity</u>
Assets acquired:	
Cash	\$ 1,525
Accounts receivable	2,908
Other assets	1,319
Fixed assets	297
Intangible assets ⁽¹⁾	27,433
Goodwill	44,767
Deferred tax asset	229
Total assets acquired	\$ 78,478
Liabilities assumed:	
Accounts payable	\$ (253)
Contributor payable	(3,145)
Accrued expenses	(2,431)
Deferred revenue	(23)
Deferred tax liability	(4,454)
Total liabilities assumed	\$ (10,306)
Total	\$ 68,172

(1) Identifiable intangible assets include customer relationships, trade names, developed technology and content libraries and are being amortized on a straight-line basis over a weighted average life of approximately eight years.

As a result of the acquisitions of Rex Features and PremiumBeat, the Company recorded \$0.4 million of professional fees in the three months ended March 31, 2015. There were no professional fees related to these acquisitions in the three months ended March 31, 2016. The professional fees are included in general and administrative expense.

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Pro forma results of operations have not been presented because the effect of these business combinations was not material to the Company's pro forma consolidated results of operations for any of the periods presented.

(5) Accrued Expenses

Accrued expenses consist of the following (in thousands):

	<u>As of March 31, 2016</u>	<u>As of December 31, 2015</u>
Non-income taxes	7,953	7,095
Compensation	\$ 7,459	\$ 8,995
Royalty tax withholdings	6,504	6,439
Payroll tax withholdings	1,720	426
Professional fees	938	902
Marketing expenses	628	237
Other expenses	6,113	6,602
Total accrued expenses	<u>\$ 31,315</u>	<u>\$ 30,696</u>

(6) Commitments and Contingencies

The Company leases facilities under agreements accounted for as operating leases. Rental expense for operating leases for the three months ended March 31, 2016 and 2015 was \$1.6 million and \$1.1 million, respectively. Some leases have defined escalating rent provisions, which are expensed over the term of the related lease on a straight-line basis commencing with the date of possession. Any rent allowance or abatement is netted in this calculation. All leases require payment of real estate taxes and operating expense increases.

In January 2016, the Company's lease for its office facility in New York City was amended to, among other things, provide for the lease of approximately 25,000 square feet of additional office space and extend the term of the lease. In connection with the underlying lease agreement, the Company entered into a letter of credit as a security deposit for the leased facilities, which was increased to \$2.6 million in connection with the January 2016 amendment. The letter of credit was collateralized by \$2.6 million of cash as of March 31, 2016, which is recorded as restricted cash and is included in other assets in the consolidated balance sheet. As amended, the lease is scheduled to expire in 2029 and aggregate future minimum payments under the amended lease are approximately \$85.6 million.

Capital Expenditures

As of March 31, 2016, the Company had outstanding commitments to purchase approximately \$0.7 million of data servers and other equipment related to expansion of its existing business and infrastructure.

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Other Obligations

As of March 31, 2016, the Company had other obligations in the amount of approximately \$31.1 million, which consisted primarily of minimum royalty guarantees and unconditional purchase obligations related to contracts for infrastructure and other business services. As of March 31, 2016, the Company's other obligations for the remainder of 2016 and for the years ending December 31, 2017, 2018, 2019 and 2020 were approximately \$7.8 million, \$8.7 million, \$6.9 million, \$4.0 million and \$3.8 million, respectively.

Legal Matters

From time to time, the Company may become party to litigation in the ordinary course of business, including direct claims brought by or against the Company with respect to intellectual property, contracts, employment and other matters, as well as claims brought against the Company's customers for whom the Company has a contractual indemnification obligation. The Company assesses the likelihood of any adverse judgments or outcomes with respect to these matters and determines loss contingency assessments on a gross basis after assessing the probability of incurrence of a loss and whether a loss is reasonably estimable. In addition, the Company considers other relevant factors that could impact its ability to reasonably estimate a loss. A determination of the amount of reserves required, if any, for these contingencies is made after analyzing each matter. The Company reviews reserves, if any, at least quarterly and may change the amount of any such reserve in the future due to new developments or changes in strategy in handling these matters. Although the results of litigation and threats of litigation, investigations and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these matters will not have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors. The Company currently has no material active litigation matters and, as such, no material reserves related to litigation.

Indemnification

In the ordinary course of business, the Company enters into contractual agreements under which it agrees to provide indemnification of varying scope and terms to customers with respect to certain matters, including, but not limited to, losses arising out of the breach of the Company's intellectual property warranties for damages to the customer directly attributable to the Company's breach. The Company is not responsible for any damages, costs, or losses to the extent such damages, costs or losses arise as a result of any modifications made by the customer, or the context in which an image is used. The Company's license agreements generally cap indemnification obligations at amounts ranging from \$10,000 to \$250,000, with certain exceptions for which the Company's indemnification obligations are uncapped. As of March 31, 2016, the Company had recorded no material liabilities related to indemnification obligations in accordance with the authoritative guidance for loss contingencies. Additionally, the Company believes that it has the appropriate insurance coverage in place to adequately cover such indemnification obligations, if necessary.

Employment Agreements and Indemnification Agreements

The Company has entered into employment arrangements and indemnification agreements with its executive officers, directors and certain employees. These agreements specify various employment-related matters, including annual compensation, performance incentive bonuses, and severance benefits in the event of termination with or without cause.

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(7) Stockholders' Equity and Equity-Based Compensation

Stockholders' Equity

Common Stock

During the three months ended March 31, 2016, the Company issued approximately 307,000 shares of common stock, related primarily to the exercise of stock options and the vesting of restricted stock units ("RSUs").

Treasury Stock

In October 2015, the Company's Board of Directors approved a share repurchase program, pursuant to which the Company is authorized to purchase up to \$100 million of its common stock. The Company expects to fund repurchases through a combination of cash on hand, cash generated by operations and future financing transactions, if needed. Accordingly, the Company's share repurchase program is subject to the Company having available cash to fund repurchases. Under the program, the Company is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors.

During the three months ended March 31, 2016, the Company repurchased approximately 881,000 shares of its common stock under the share repurchase program at an average per-share cost of approximately \$31.59, of which \$0.9 million has not been paid as of March 31, 2016 and is included in accrued expenses. As of March 31, 2016, the Company had \$56.6 million remaining for purchases under the share repurchase program.

Equity-Based Compensation

The Company recognizes stock-based compensation expense for all share-based payment awards including employee stock options and RSUs granted under the 2012 Omnibus Equity Incentive Plan and sales of shares of common stock under the 2012 Employee Stock Purchase Plan (the "2012 ESPP") based on each award's fair value on the grant date.

The following table summarizes non-cash equity-based compensation expense, net of forfeitures, by financial statement line item included in the accompanying consolidated statements of operations for the three months ended March 31, 2016 and 2015 (in thousands):

	Three Months Ended March 31,	
	2016	2015
Cost of revenue	\$ 533	\$ 482
Sales and marketing	1,191	1,318
Product development	2,149	2,369
General and administrative	3,480	3,339
Total	\$ 7,353	\$ 7,508

The following table summarizes non-cash equity-based compensation expense, net of forfeitures, by award type included in the accompanying consolidated statements of operations for the three months ended March 31, 2016 and 2015 (in thousands):

	Three Months Ended March 31,	
	2016	2015
Stock options	\$ 1,736	\$ 2,046
RSUs	5,402	5,036
ESPP shares	172	199
RSUs related to the acquisition of WebDAM	43	227
Total	\$ 7,353	\$ 7,508

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Stock Option Awards

During the three months ended March 31, 2016, the Company granted options to purchase approximately 373,000 shares of its common stock with a weighted average exercise price of \$34.42. As of March 31, 2016, there were approximately 506,000 options vested and exercisable with a weighted average exercise price of \$27.11. As of March 31, 2016, the total unrecognized compensation charge related to non-vested options was approximately \$26.0 million, which is expected to be recognized through the fiscal year 2021.

Restricted Stock Units

During the three months ended March 31, 2016, the Company granted approximately 515,000 RSUs. As of March 31, 2016 there are approximately 1,252,000 non-vested RSUs outstanding. As of March 31, 2016, the total unrecognized non-cash equity-based compensation charge related to the non-vested RSUs was approximately \$50.5 million, which is expected to be recognized through fiscal year 2021.

Included in the total number of RSUs granted during the three months ended March 31, 2016 was approximately 31,000 RSUs granted in satisfaction of the Company's liability to certain WebDAM executives to provide a fixed-dollar amount of RSUs in connection with the acquisition. As of March 31, 2016, the Company has no additional stock-based compensation awards which require liability accounting.

ESPP Shares

During the three months ended March 31, 2016, no shares of the Company's common stock were issued under the 2012 ESPP.

(8) Employee Benefit Plans

The Company has a 401(k) defined contribution plan and provides for annual discretionary employer matching contributions not to exceed 3% of employees' base compensation per year. Matching contributions are fully vested and non-forfeitable at all times. The Company recorded employer matching contributions of \$0.5 million and \$0.3 million for the three months ended March 31, 2016 and 2015, respectively.

(9) Other Expense, Net

The following table presents a summary of the Company's other income and expense activity included in the accompanying consolidated statements of operations for the three months ended March 31, 2016 and 2015 (in thousands):

	Three Months Ended March 31,	
	2016	2015
Foreign currency gain (loss)	\$ 670	\$ (2,074)
Change in fair value of contingent consideration	(714)	(515)
Interest income	32	27
Total expense	\$ (12)	\$ (2,562)

(10) Income Taxes

The Company's effective tax rates for the three months ended March 31, 2016 and 2015 were 43.3% and 42.8%, respectively. The Company incurred discrete tax items, the net effect of which increased the effective tax rate by 2.2% and 3.3% for the three months ended March 31, 2016 and 2015, respectively. The Company has computed the provision for income taxes based on the estimated annual effective tax rate and the application of discrete items, if any, in the applicable period. The effective tax rate differs from the statutory tax rate due primarily to non-deductible expenses related to non-cash equity-based compensation.

During the three months ended March 31, 2016 and 2015, unrecognized tax benefits recorded by the Company for uncertain tax positions taken in prior years were not material. To the extent the remaining unrecognized tax benefits are ultimately recognized, the Company's effective tax rate may be impacted in future periods.

The Company recognizes interest expense and tax penalties related to unrecognized tax benefits in income tax expense in the consolidated statements of operations. The Company's accrual for interest and penalties related to unrecognized tax benefits was not material for the three months ended March 31, 2016 and 2015.

As of March 31, 2016, the Company had approximately \$7.3 million of undistributed earnings attributable to its foreign subsidiaries. It is the Company's practice and intention to indefinitely reinvest the earnings of its foreign subsidiaries in those

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operations. The Company has not provided deferred U.S. income taxes or foreign withholding taxes on temporary differences resulting from the earnings indefinitely reinvested outside the United States. It is currently not practicable for the Company to calculate the associated unrecognized deferred tax liability.

(11) Net Income Per Share

Basic net income per share is computed by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Any potential issuance of common shares, including those that are contingent and do not participate in dividends, is excluded from weighted average number of common shares outstanding. Income available to common stockholders is computed by deducting income allocated to participating securities, if any, including unvested shares for the restricted award holder since these unvested shares have participating rights.

Diluted net income per share is computed by dividing the net income attributable to common stockholders by the weighted average common shares outstanding and all potential common shares, if they are dilutive.

A reconciliation of assumed exercised shares used in calculating basic and diluted net income per share available to common stockholders follows (in thousands):

	Three Months Ended March 31,	
	2016	2015
Basic	35,375	35,635
Stock options and ESPP shares	351	418
Unvested RSUs and restricted stock awards	373	140
Diluted	36,099	36,193
Dilutive securities included in the calculation	1,814	2,006
Anti-dilutive securities excluded from the calculation	1,071	689

(12) Geographic Information

The following table presents the Company's revenue based on customer location (in thousands):

	Three Months Ended March 31,	
	2016	2015
North America	\$ 47,142	\$ 37,506
Europe	39,186	34,102
Rest of the world	30,324	25,914
Total revenue	\$ 116,652	\$ 97,522

Included in North America is the United States which accounted for 35% and 34% of total revenue for the three months ended March 31, 2016 and 2015, respectively. Included in Europe is the United Kingdom, which accounted for 11% of total revenue for both the three months ended March 31, 2016 and 2015. No other country accounts for more than 10% of the Company's revenue in any period presented.

The Company's long-lived tangible assets were located as follows (in thousands):

	March 31,	December 31,
	2016	2015
North America	\$ 37,007	\$ 31,699
Europe	877	395
Total long-lived tangible assets	\$ 37,884	\$ 32,094

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read together with our interim consolidated unaudited financial statements and related notes contained elsewhere in this Quarterly Report on Form 10-Q and with information contained in our other filings, including the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 24, 2016.

In addition to historical consolidated financial information, this discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. These statements involve risks and uncertainties and our actual results could differ materially from those discussed below. See the "Special Note on Forward Looking Statements" disclosure included above for a discussion of the uncertainties, risks and assumptions associated with these statements. See also the "Risk Factors" disclosure of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for additional discussion of such risks.

Overview and Recent Developments

We are a leading global provider of high quality creative content including: (a) digital imagery, which consists of licensed photographs, illustrations, vectors and video clips that customers use in their visual communications, such as websites, digital and print marketing materials, corporate communications, books, publications and video content; and (b) commercial music, which consists of high-quality music tracks and sound effects and which is often used to complement the digital imagery. We also offer digital asset management services through WebDAM, our cloud-based digital asset management platform. This service provides tools for customers to better manage content and brand management assets.

Our global marketplace brings together users of creative content with content producers from around the world by providing a freely searchable collection of content that our customers can pay to license, download and incorporate into their work. More than 1.5 million active, paying customers contributed to our revenue for the twelve month period ended March 31, 2016. As of March 31, 2016, more than 120,000 approved contributors made their creative content available in our collection, which has grown to more than 80 million images and more than 4 million video clips. This makes our collection of creative content one of the largest of its kind, and we delivered more than 40 million paid downloads to our customers from that collection during the three months ended March 31, 2016. We believe that we delivered the highest volume of commercial image downloads in this period of any single brand in our industry.

In February 2016, our contributor base grew to exceed 100,000 contributors.

In March 2016, we entered into an exclusive distribution agreement with the Associated Press, or AP, which grants us access to more than 3,000 of AP's breaking news, sports and entertainment images and video clips daily as well as 30 million images and nearly 2 million video clips from AP's visual archive for licensing in the United States which will serve to bolster our editorial offering.

As a global marketplace, we generate revenue by licensing creative content to our customers and paying royalties to our contributors each time their content is delivered to a customer for use. Currently, the majority of our revenue and downloads come from our e-commerce platforms, which allow customers the flexibility of high-volume content subscriptions or a variety of other purchase options. In addition to sales through our e-commerce platform, we offer a number of other purchase options, primarily to enterprise customers, that can be customized to meet their specific needs. As we continue to grow the business, we anticipate these other purchase options will grow as a share of our overall business.

Each time content is delivered to a customer for use, we record a royalty expense for the amount due to the associated contributor. Royalties are calculated using either a fixed dollar amount or a fixed percentage of revenue as described on our websites, and are typically paid to contributors on a monthly basis, subject to withholding taxes and certain payout minimums. Royalties represent the largest component of our operating expenses and tend to increase proportionally with revenue.

Our cost of revenue is substantially similar as a percentage of revenue for our various purchase options. While contributors earn a fixed amount per download for some of our plans, we have set the per-download amount paid to our contributors for each of our purchase options so that contributors earn more per download from plans where we collect higher revenue per download. In other words, we strive to deliver a similar percentage of revenue to contributors regardless of which purchase option a customer chooses. We expect that shifts in the relative popularity of our purchase options will not materially impact our cost of revenue.

We manage customer acquisition costs based on the expected blended customer lifetime value across our purchase options so that we are able to manage our marketing expenses to achieve certain desired growth targets. As a result, we do not believe that shifts in the mix between our purchase options will materially impact our operating margins. In addition, the repeat revenue characteristics of customers whose first purchase was a subscription-based purchase option are substantially similar to those whose first purchase was an On Demand purchase option.

As a provider of digital asset management technology, we generate revenue by licensing the use of our WebDAM platform to customers on a contractual basis, which typically has a term of one year.

An important driver of our growth is customer acquisition, which we achieve primarily through online marketing efforts, including paid search, organic search, online display advertising, email marketing, affiliate marketing, social media and strategic partnerships. Over the past several years, our investments in marketing have been a significant percentage of revenue. Since we believe the market for creative content is at an early stage, we plan to continue to invest aggressively in customer acquisition to achieve revenue and market share growth. We believe that another important driver of growth is the quality of the user experience we provide on our websites, especially the efficiency with which our search interfaces and algorithms help customers find the images, videos and music that they need, the degree to which we make use of the large quantity of data we collect about images, videos and music and search patterns, and the degree to which our websites have been localized for international audiences. To this end, we have also invested aggressively in product development and we plan to continue to invest in this area. Finally, the quality and quantity of content that we make available in our collection is another key driver of our growth. The number of approved and licensable images in the Shutterstock collection exceeded 80 million images and 4 million video clips as of March 31, 2016, making it one of the largest libraries of its kind.

Key Operating Metrics

In addition to key financial metrics, we regularly review a number of key operating metrics to evaluate our business, determine the allocation of resources and make decisions regarding business strategies. We believe that these metrics can be useful for understanding the underlying trends in our business. The following table summarizes our key operating metrics, which are unaudited, for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
	(in millions, except revenue per download)	
Paid downloads (during the period)	41.2	33.4
Revenue per download (during the period)	\$ 2.77	\$ 2.87
Images in collection (end of period)	81.0	51.6

Paid Downloads

Measuring the number of paid downloads that our customers make in any given period is important because our revenue and contributor royalties are driven by paid download activity. For customers that choose our On Demand purchase options, each incremental download results in incremental recognition of revenue. For customers that choose our subscription purchase options, we do not recognize revenue from each incremental download, but we believe that download activity is an important measure of the value that we deliver to subscription customers and the likelihood that the customer will renew. We define paid downloads as the number of downloads of our content by customers in a given period of our creative content, excluding re-downloads of content that a customer has downloaded in the past (which do not generate incremental revenue or contributor royalty expense) and downloads of promotional images (which we make available at no cost as a means of acquiring new customers and attracting existing customers to return to our websites more frequently).

Revenue per Download

We define revenue per download as the amount of revenue recognized in a given period divided by the number of paid downloads in that period excluding the impact of revenue that is not derived from or associated with the download of creative content. This metric captures changes in our pricing, if any, as well as the mix of purchase options that our customers choose and the impact of changes in foreign currency rates on our pricing. Over the last three years, revenue from each of our purchase options has grown; however our fastest growing purchase options have been those that generate more revenue per download, most notably our On Demand purchase options. As our business grows and expands into other products and regions around the world, this metric may become less important as a tool for evaluating the business.

Images in Collection

We define images in our collection as the total number of photographs, vectors and illustrations available to customers for commercial license on shutterstock.com at any point in time. We exclude content from this collection metric that is not uploaded directly to our site but is available to our customers through an application program interface and certain content that may be licensed for editorial use only. We record this metric as of the end of a period. Offering a large selection of images allows us to acquire and retain customers and, therefore, we believe that broadening our selection of high-quality images is an important driver of our revenue growth.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure or inclusion of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to allowance for doubtful accounts, chargeback and sales refund reserve, the fair value of goodwill, intangibles and other long-lived assets, non-cash equity-based compensation expense, the fair value of contingent consideration, the provision for income taxes and the amount of certain non-income tax accruals. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

We believe that the policies, assumptions and estimates associated with our revenue recognition, allowance for doubtful accounts, chargeback and sales refund reserve, stock-based compensation, accounting for non-income and income taxes, goodwill and intangible assets and advertising costs have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

A description of our critical accounting policies that involve significant management judgments appears in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 that we filed with the SEC on February 24, 2016, or the 2015 Form 10-K, under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates.” There have been no material changes to our critical accounting policies and estimates as compared to our critical accounting policies and estimates included in the 2015 Form 10-K.

Key Components of Our Results of Operations

Revenue

The majority of our revenue, net of chargebacks and refunds, is generated through the licensing of creative content. The majority of our licensing revenue is generated by sales through our e-commerce platform.

We generate revenue through our e-commerce platform from the sale of subscriptions which provide customers the flexibility of high-volume content subscriptions or from a variety of other purchase options. Our subscriptions typically vary in length from one month to one year. In addition to sales through our e-commerce platform, we offer a number of other purchase options, primarily to enterprise customers, that can be customized to meet our customers’ specific needs.

We typically receive the full amount of purchases at the time of sale; however, revenue is recognized ratably over the course of a subscription or as content is downloaded. Some of our larger custom accounts are invoiced and pay us on credit terms. For certain custom accounts, we receive payment in installments over the course of an annual commitment.

We also generate revenue through WebDAM, which we acquired in March 2014. WebDAM licenses digital asset management software services through its cloud-based platform to marketing and creative teams and enterprise organizations. Software licensing fees are recognized ratably as revenue over the course of the contractual term, which is typically one year. Any setup or implementation fees are recognized ratably over the longer of the contractual term or the estimated customer relationship period, which is currently three years. Fees for on-boarding and other professional services, which typically take place over a period of time less than one year and provide immediate benefit to customers upon completion, are recorded as revenue when services are substantially complete and all other revenue recognition criteria have been met.

Our deferred revenue consists of amounts paid by customers for which revenue recognition criteria have not been met. For content revenue, deferred revenue is recognized as revenue through the passage of time, when content is downloaded or when the credits or the right to download content expires, and all other revenue recognition criteria have been met. For WebDAM, deferred revenue is recognized as revenue through passage of time (subscriptions) or when a project is substantially complete (professional services) and all other revenue recognition criteria have been met.

Costs and Expenses

Cost of Revenue. Cost of revenue consists of royalties paid to contributors, credit card processing fees, content review costs, customer service expenses, the infrastructure and hosting costs related to maintaining our e-commerce platform and cloud-based software platform and associated employee compensation, including non-cash equity-based compensation, bonuses and benefits, amortization of content and technology intangible assets, allocated facility costs and other supporting overhead costs. We expect that our cost of revenue will increase in absolute dollars in the foreseeable future as our revenue grows.

Sales and Marketing. Sales and marketing expenses include third-party marketing, advertising, branding, public relations and sales expenses. Sales and marketing expenses also include associated employee compensation, including non-cash equity-based compensation, bonuses and benefits, and commissions as well as allocated facility and other supporting overhead costs. We expect sales and marketing expenses to increase in absolute dollars in the foreseeable future as we continue to invest in new customer acquisition.

Product Development. Product development expenses consist of employee compensation, including non-cash equity-based compensation, bonuses and benefits, and expenses related to contractors engaged in product management, design, development and testing of our websites and products. Product development costs also include allocated facility and other supporting overhead costs. We expense product development expenses as incurred, except for costs that are capitalized for internal use software development projects and subsequently depreciated over the expected useful life of the developed software. During 2015, we experienced an increase in capitalized costs for internal use software development related primarily to our efforts to launch new and innovative products. We expect product development expenses, of which a portion will be capitalized, to increase in absolute dollars in the foreseeable future as we continue to invest in developing new products and internal tools and enhancing the functionality of our existing products and technology.

General and Administrative. General and administrative expenses include employee compensation, including non-cash equity-based compensation, bonuses and benefits for executive, finance, business development, accounting, legal, human resources, internal information technology, business intelligence and other administrative personnel. In addition, general and administrative expenses include outside legal, tax and accounting services, insurance, facilities costs and other supporting overhead costs. We expect to incur incremental general and administrative expenses to support our global operational growth and enhancements to support our reporting and planning functions.

Other Expense, Net. Other expense consists of non-operating costs such as foreign currency transaction gains and losses, changes in fair value of contingent consideration related to acquisitions and interest income and expense. We expect to incur incremental expense related to changes in fair value of contingent consideration related to our PremiumBeat acquisition as we reach the measurement date. Additionally, as we increase the volume of business transacted in foreign currencies as a result of international expansion and as currency rates fluctuate, we expect foreign currency gains and losses to continue to fluctuate.

Income Taxes. Our GAAP income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted statutory income tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce net deferred tax assets to the amount expected to be realized.

As we continue to expand our operations outside of the United States, we have been and may continue to become subject to taxation in additional non-U.S. jurisdictions and our effective tax rate could fluctuate accordingly.

Results of Operations

The following table presents our results of operations for the periods indicated. The period-to-period comparisons of results are not necessarily indicative of results for future periods.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Consolidated Statements of Operations:		
Revenue	\$ 116,652	\$ 97,522
Operating expenses:		
Cost of revenue	48,063	39,525
Sales and marketing	27,088	25,105
Product development	11,225	10,684
General and administrative	19,454	13,972
Total operating expenses	105,830	89,286
Income from operations	10,822	8,236
Other expense, net	(12)	(2,562)
Income before income taxes	10,810	5,674
Provision for income taxes	4,677	2,431
Net income	\$ 6,133	\$ 3,243

The following table presents the components of our results of operations for the periods indicated as a percentage of revenue:

	Three Months Ended March 31,	
	2016	2015
Consolidated Statements of Operations:		
Revenue	100 %	100 %
Operating expenses:		
Cost of revenue	41	41
Sales and marketing	23	26
Product development	10	11
General and administrative	17	14
Total operating expenses	91	92
Income from operations	9	8
Other expense, net	—	(3)
Income before income taxes	9	5
Provision for income taxes	4	2
Net income	5 %	3 %

Comparison of the Three Months Ended March 31, 2016 and 2015

The following table presents our results of operations for the periods indicated:

	Three Months Ended March 31,			
	2016	2015	\$ Change	% Change
(in thousands)				
Consolidated Statements of Operations:				
Revenue	\$ 116,652	\$ 97,522	\$ 19,130	20%
Operating expenses:				
Cost of revenue	48,063	39,525	8,538	22
Sales and marketing	27,088	25,105	1,983	8
Product development	11,225	10,684	541	5
General and administrative	19,454	13,972	5,482	39
Total operating expenses	105,830	89,286	16,544	19
Income from operations	10,822	8,236	2,586	31
Other expense, net	(12)	(2,562)	2,550	*
Income before income taxes	10,810	5,674	5,136	91
Provision for income taxes	4,677	2,431	2,246	*
Net income	\$ 6,133	\$ 3,243	\$ 2,890	89%

* Not meaningful

Revenue

Revenue increased by \$19.1 million, or 20%, to \$116.7 million in the three months ended March 31, 2016 compared to the same period in 2015. We continue to undertake initiatives focused on broadening our subscription product offerings, which has resulted in increased customer utilization and provides customers an effective price per content download that is more economical at higher volumes. We believe these offerings will lead to sustained customer engagement over longer periods. As a result of these initiatives, the increase in revenue during the quarter was primarily attributable to the 23% increase in the number of paid downloads, the acquisition of new customers and increased activity by our enterprise customers, despite a 3.5% decrease in revenue per download. In the three months ended March 31, 2016 and 2015, we delivered 41.2 million and 33.4 million paid downloads, respectively, and our average revenue per download during these periods was \$2.77 and \$2.87, respectively.

In the three months ended March 31, 2016 compared to the same period in 2015, revenue from North America increased to 40% from 38% while revenue from Europe decreased to 34% from 35% and revenue from the rest of the world decreased to 26% from 27%.

Costs and Expenses

Cost of Revenue. Cost of revenue increased by \$8.5 million, or 22%, to \$48.1 million in the three months ended March 31, 2016 compared to the same period in 2015. Royalties increased \$6.4 million, or 23%, which was in line with the increase in the number of paid downloads during the period. We anticipate royalties will continue growing in absolute dollars as revenue grows, although royalties as a percentage of revenue may vary somewhat from period to period primarily due to customer usage, product mix and to a lesser extent due to the contributors' achievement level of royalty target thresholds. Employee-related expenses increased \$0.6 million, or 15%, driven by an increase in headcount in customer service, content and website operations to support increased customer volume and a more robust hosting infrastructure. Other costs associated with website hosting, content consulting and allocated depreciation and amortization expense increased by \$1.0 million, or 27%, to \$4.8 million in the three months ended March 31, 2016 compared to the same period in 2015 driven in large part by increases in the depreciation of capitalized internal-use software.

Sales and Marketing. Sales and marketing expenses increased by \$2.0 million, or 8%, to \$27.1 million in the three months ended March 31, 2016 compared to the same period in 2015. Employee-related expenses, including travel and entertainment, increased by \$2.0 million, or 20%, driven by an increase in sales and marketing headcount to support our expansion into new markets and increased sales commissions as a result of growing revenue from our direct sales. We anticipate that our global sales and marketing spend will continue to increase in absolute dollars for the foreseeable future, as we continue to expand into additional markets.

Product Development. Product development expenses increased by \$0.5 million, or 5%, to \$11.2 million in the three months ended March 31, 2016 compared to the same period in 2015. Employee-related and consulting-related expenses increased by \$2.8 million, or 31%, driven by an increase in human capital requirements in product, engineering and quality assurance to support our increasing number of product development initiatives for our e-commerce platform, including ongoing efforts to improve our search capabilities. The increase in employee-related and consulting-related expenses was offset by an increase in capitalized labor costs of \$2.8 million for internal use software development projects. We anticipate product development expenses will continue to increase in absolute dollars in the future, of which a portion will continue to be capitalized, as we continue to invest in developing new products and internal tools and enhancing the functionality of our existing products and technology.

General and Administrative. General and administrative expenses increased by \$5.5 million, or 39%, to \$19.5 million in the three months ended March 31, 2016 compared to the same period in 2015. Employee-related expenses, excluding non-cash equity-based compensation, increased by \$1.0 million, or 23%, driven by an increase in headcount in finance, legal, human resources, internal information technology and business intelligence personnel to support the growth in our business and the infrastructure necessary to operate as a public company. Professional fees, software licenses and allocated depreciation and amortization expense increased by \$1.4 million primarily due to increased outside services, costs related to improving our system infrastructure, and amortization of intangible assets associated with recent acquisitions. Also included in general and administrative expenses for the three months ended March 31, 2016 is a charge of \$1.7 million related to a modification of the terms of the PremiumBeat contingent consideration agreement.

Other Expense, Net. Other expense decreased by \$2.6 million, or 100%, in the three months ended March 31, 2016 compared to the same period in 2015 primarily due to foreign currency gains related to the strengthening euro and British pound against the U.S. dollar. Also included in other expense, net are the changes in the fair value of the contingent consideration related to our recent acquisitions. We expect foreign currency transaction gains and losses to continue to fluctuate as we continue to expand our international operations and increase the volume of business transacted in currencies other than the U.S. dollar.

Income Taxes. Income tax expense increased by \$2.2 million to \$4.7 million in the three months ended March 31, 2016 compared to the same period in 2015. Our effective tax rate for the three months ended March 31, 2016 and 2015 was 43.3% and 42.8%, respectively. During the three months ended March 31, 2016 and 2015, we incurred a net discrete tax expense related primarily to a change in our state apportionment percentage, which impacted our effective tax rate by 2.2% and 3.3%, respectively. Excluding those discrete items, our effective tax rate would have been 41.1% and 39.5% during the three months ended March 31, 2016 and 2015, respectively.

Quarterly Trends

Our operating results may fluctuate from quarter to quarter as a result of a variety of factors, including the effects of some seasonal trends in customer behavior. For example, we expect certain customers' usage to decrease during the fourth quarter of each calendar year due to the year-end holiday vacation season, and to increase in the first quarter of each calendar year as many customers return to work. While we believe these seasonal trends have affected and will continue to affect our quarterly results, our trajectory of rapid growth may have overshadowed these effects to date. Additionally, because a significant portion of our revenue is derived from repeat customers who have purchased subscription plans, our revenues tend to be smoother and less volatile than if we had no subscription-based customers.

In addition, expenditures on digital content by customers tend to be discretionary in nature, reflecting overall economic conditions, the economic prospects of specific industries, budgeting constraints and buying patterns and a variety of other factors, many of which are outside our control. As a result of these and other factors, the results of any prior quarterly or annual periods should not be relied upon as indications of our future operating performance.

Liquidity and Capital Resources

As of March 31, 2016, we had cash and cash equivalents of \$220.6 million, which consisted primarily of money market mutual funds and checking account balances. Additionally, we held short-term investments in the amount of \$55.0 million, all of which mature in 90 days or less. Since inception, we have financed our operations primarily through cash flows generated from operations.

Historically, our principal uses of cash have been funding our operations, capital expenditures, content acquisition, business combinations that enhance our strategic position and share purchases under our share repurchase program. We plan to finance our operations and capital expenses largely through cash generated by our operations. Since our results of operations are sensitive to the level of competition we face, increased competition could adversely affect our liquidity and capital resources.

Share Repurchase Program

In October 2015, our board of directors approved a share repurchase program, pursuant to which we are authorized to repurchase up to \$100 million of our common stock. We expect to fund repurchases through a combination of cash on hand, cash generated by operations and future financing transactions, if appropriate. Accordingly, our share repurchase program is subject to us having available cash to fund repurchases. Under this program, management is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors.

As of March 31, 2016, we have repurchased approximately 1,340,000 shares of our common stock under the share repurchase program at an average per-share cost of \$32.42, of which \$0.9 million has not been paid and is included in accrued expenses as of March 31, 2016. As of March 31, 2016, we had \$56.6 million remaining for share repurchases under this program.

Sources and Uses of Funds

We believe, based on our current operating plan, that our cash and cash equivalents, and cash from operations, will be sufficient to meet our anticipated cash needs for at least the next 12 months. Consistent with previous periods, we expect that future capital expenditures will primarily relate to acquiring additional servers and network connectivity hardware and software, enhancements to the functionality of our current platform, leasehold improvements and furniture and fixtures related to office expansion and relocation, digital content and general corporate infrastructure. We anticipate capital additions, inclusive of digital content acquisition and capitalized labor, of approximately \$22.0 million during the remainder of 2016. In April 2016, we paid the full amount of the contingent purchase price for WebDAM of approximately \$4.0 million, and expect to pay approximately \$10.0 million related to the contingent purchase price for PremiumBeat during 2017. See Note 6 to our Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information regarding capital expenditures for the three months ended March 31, 2016 and 2015.

Cash Flows

Operating Activities

Our primary source of cash from operating activities is cash collections from our customers. The majority of our revenue is generated from credit card transactions and is typically settled within one to five business days. Our primary uses of cash for operating activities are for settlement of accounts payable to contributors and vendors and employee-related expenditures.

In the three months ended March 31, 2016, net cash provided by operating activities was \$23.0 million, including net income of \$6.1 million, non-cash equity-based compensation of \$7.4 million, depreciation and amortization of \$4.2 million and the change in fair value of contingent consideration of \$2.4 million. Cash inflows from changes in operating assets and liabilities included an increase in deferred revenue of \$6.8 million, primarily related to the change in the volume of sales activity for which revenue has not been recognized, and to a lesser extent an increase in deferred revenue related to our WebDAM services.

Investing Activities

Cash used in investing activities in the three months ended March 31, 2016 was \$17.1 million, consisting primarily of capital expenditures to purchase software and equipment related to our data centers, as well as capitalization of leasehold improvements and website development costs in the amount of \$7.8 million. We also paid \$0.6 million to acquire the rights to distribute certain digital content in perpetuity. In addition, we increased our position in short-term investments by \$7.9 million, net of sales.

Financing Activities

Cash used in financing activities in three months ended March 31, 2016 was \$27.6 million, consisting primarily of \$27.7 million paid for share repurchases during the quarter, partially offset by proceeds in the amount of \$1.6 million from the issuance of common stock in connection with the exercise of stock options.

Contractual Obligations and Commitments

We lease office facilities under operating lease agreements that expire on various dates through 2029. We also have several co-location agreements with third-party hosting facilities that expire through 2017. We do not have any material capital lease obligations, and our property, equipment and software have been purchased primarily with cash. We anticipate expanding our office and co-location facilities as our revenue and customer base continue to grow and diversify.

On March 21, 2013, we entered into an operating lease agreement to lease our headquarters in New York City. The aggregate future minimum lease payments under the lease, as amended, are approximately \$85.6 million. We are also party to a letter of credit as a security deposit for this leased facility, which was increased to \$2.6 million in January 2016 in connection with an amendment of the lease. T

he letter of credit is collateralized by \$2.6 million of cash as of March 31, 2016, and as such is reported as restricted cash on our consolidated balance sheet as of March 31, 2016.

Additionally, as of March 31, 2016, aggregate future minimum lease payments under other operating leases are approximately \$8.0 million.

As of March 31, 2016, our guaranteed royalty payments and unconditional purchase obligations for the remainder of 2016 and for the fiscal years ending December 31, 2017, 2018, 2019 and 2020 were approximately \$7.8 million, \$8.7 million, \$6.9 million, \$4.0 million and \$3.8 million, respectively.

Off-Balance Sheet Arrangements

As of March 31, 2016, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditure or capital resources that is material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business, including risks related to interest rate fluctuation, foreign currency exchange rate fluctuation and inflation.

Interest Rate Fluctuation Risk

Our investments include cash, cash equivalents and short-term investments which consist of commercial paper. Our cash and cash equivalents consist of cash and money market accounts. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because our cash, cash equivalents and short-term investments have a maximum term of ninety days, our portfolio's fair value is not particularly sensitive to interest rate changes. We do not enter into investments for speculative purposes. We determined that the nominal difference in basis points for investing our cash, cash equivalents and short-term investments in longer-term investments did not warrant a change in our investment strategy. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives.

We did not have any borrowings as of March 31, 2016.

Foreign Currency Exchange Risk

Revenue derived from customers residing outside North America as a percentage of total revenue was 60% and 62% for the three months ended March 31, 2016 and 2015, respectively. Our sales to international customers are denominated in multiple currencies, including but not limited to the U.S. dollar, the euro, the British pound and the yen. Revenue denominated in foreign currencies as a percentage of total revenue was approximately 32% and 31% for the three months ended March 31, 2016 and 2015, respectively. We have foreign currency exchange risks related to non-U.S. dollar denominated revenues. All amounts earned by and paid to our foreign contributors are denominated in the U.S. dollar and therefore do not create foreign currency exchange risk. However, changes in exchange rates will affect our revenue and certain operating expenses, primarily employee-related expenses for our non-U.S. employees. Based on our foreign currency denominated revenue for the three months ended March 31, 2016, we estimate that a 10% change in the exchange rate of the U.S. dollar against all foreign currency denominated revenues would result in an approximately 3% impact on our revenue.

Because the majority of our revenue and expenses are incurred in the U.S. dollar, we have experienced fluctuations in our net income as a result of the volume of our business transacted in foreign currency and the changes in strength of the U.S. dollar against foreign currencies, specifically the euro and British pound. During the three months ended March 31, 2016 and 2015, the impact of foreign currency transactions was a gain of \$0.6 million and a loss of \$2.1 million, respectively. We do not currently enter into derivatives or other financial instruments in order to hedge our foreign currency exchange risk, but we may do so in the future. It is difficult to predict the impact hedging activities would have on our results of operations.

We have established foreign subsidiaries in various countries around the world and as a result the financial statements of these foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). For those entities where the functional currency is the local currency, adjustments resulting from translating the financial statements into U.S. dollars are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity. Monetary assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenue and expenses are translated at the weighted average exchange rates during the period. Equity transactions are translated using historical exchange rates. Foreign currency transaction gains and losses are included in other income (expense), net in the consolidated statements of operations.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2016. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2016, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Our management is in the process of implementing our internal control structure over Rex Features and PremiumBeat, both of which we acquired in January 2015. Except for the changes associated with this implementation, there were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Although we are not currently a party to any material active litigation, from time to time, third parties assert claims against us regarding intellectual property rights, privacy issues and other matters arising during the ordinary course of business. Although we cannot be certain of the outcome of any litigation or the disposition of any claims, nor the amount of damages and exposure, if any, that we could incur, we currently believe that the final disposition of all existing matters will not have a material adverse effect on our business, results of operations, financial condition or cash flows. In addition, in the ordinary course of our business, we are also subject to periodic threats of lawsuits, investigations and claims. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2015 Form 10-K, which could materially affect our business, financial condition or future results. During the three months ended March 31, 2016, there were no material changes to the risk factors described in our 2015 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c)

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
January 1 - 31, 2016	330,753	\$ 30.23	330,753	
February 1 - 29, 2016	312,694	29.89	312,694	
March 1 - 31, 2016	237,201	35.70	237,201	
	880,648	\$ 31.59	880,648	\$ 56,552,447

(1) We purchased shares of our common stock in open market purchases pursuant to share repurchases authorized by the our board of directors. In October 2015, our board of directors authorized the repurchase of up to \$100 million of our common stock, and, as of March 31, 2016, \$56.6 million remained available for repurchase under this authorization.

Item 6. Exhibits.

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

SIGNATURES

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 thereunto duly authorized.

SHUTTERSTOCK, INC.

Dated: May 4, 2016

By: /s/ Jonathan Oringer
Jonathan Oringer
Chief Executive Officer
(Principal Executive Officer)

Dated: May 4, 2016

By: /s/ Steven Berns
Steven Berns
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit Number	Exhibit Description
10.1#	Amended and Restated Employment Agreement, dated May 2, 2016 between the Company and Catherine Ulrich
10.2#	Employment Agreement, dated September 15, 2015 between the Company and Anshu Aggarwal
10.3#	Offer Letter, dated November 9, 2015, between the Company and Peter Phelan
10.4#	Mutual Separation Agreement and General Release, dated March 22, 2016, between the Company and Peter Phelan
10.5#	Shutterstock, Inc. Form of 2012 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement
10.6#	Shutterstock, Inc. Form of 2012 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement for Canadian Employees
10.7#	Shutterstock, Inc. Form of 2012 Omnibus Equity Incentive Plan Deferred Restricted Stock Unit Award Agreement
10.8	Second Lease Modification and Extension Agreement, dated January 8, 2016, by and between Shutterstock, Inc. and ESRT Empire State Building, L.L.C. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 13, 2016 (File No. 001-35669))
31.1#	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2#	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32#	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Filed herewith.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT dated as of May 2, 2016 (this "Agreement"), between Shutterstock, Inc. a Delaware corporation (the "Company"), with its principal place of business at 350 Fifth Avenue, 21st Floor, New York, New York, 10118 and Catherine Ulrich (the "Executive"), residing at 303 East 77th Street, Apt. 10B, New York, New York 10075.

RECITALS

WHEREAS, the Company and the Executive previously entered into an Employment Agreement dated October 22, 2014 (the "Original Agreement");

WHEREAS, the Company desires to continue to employ the Executive, and the Executive wishes to continue to be employed by the Company as Chief Product Officer of the Company on the amended and restated terms and conditions set forth in this Agreement, which shall replace and supersede the Original Agreement; and

WHEREAS, in consideration for the Executive's continued employment with the Company, the Executive desires to agree to the noncompetition, nonsolicitation, cooperation, confidentiality, and other provisions set forth herein; and

WHEREAS, the Board of Directors of the Company recognizes that it is possible that the Company could terminate Executive's employment with the Company and from time to time the Company may consider the possibility of an acquisition by another company or other change in control transaction. The Board also recognizes that such considerations can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of such a termination of employment or the occurrence of a "Change in Control" (as defined herein) of the Company; and,

WHEREAS, the Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue her employment with the Company and to motivate Executive to maximize the value of the Company for the benefit of its stockholders; and,

WHEREAS, the Board believes that it is imperative to provide Executive with certain severance benefits upon Executive's termination of employment and with certain additional benefits following a Change in Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of a Change in Control.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Employment

The Company shall continue to employ the Executive, and the Executive accepts such continued employment with the Company, upon the terms and conditions set forth in this Agreement for the period (the "Employment Period") beginning on April 26, 2016 (the "Effective Date") and ending only as provided in Section 4.

Section 2. Position and Duties

- (a) During the Employment Period, the Executive shall serve as the Chief Product Officer of the Company and shall have the usual and customary duties, responsibilities and authority related to such position, subject to the power of the Board of Directors of the Company (the "Board") and to the CEO and President, in each case, to expand or limit such duties, responsibilities and authority.
- (b) While serving as Chief Product Officer of the Company, the Executive shall report to the President eCommerce, COO, or CEO and shall lead Product Management and User Experience, as well as other areas as mutually agreed. She shall devote her best efforts and substantially all of her active business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Company and the entities owned and controlled directly or indirectly by the Company. The Executive shall perform her duties and responsibilities to the best of her abilities in a diligent and professional manner. During the Employment Period, the Executive shall not engage in any business activity which, in the reasonable judgment of the Board, conflicts with the duties of the Executive hereunder, whether or not such activity is pursued for gain, profit or other pecuniary advantage.
- (c) The foregoing restrictions shall not limit or prohibit the Executive from engaging in any passive investment, inactive business ventures and community, charitable, teaching, lecturing, religious and social activities not interfering with the Executive's performance and obligations hereunder.

Section 3. Compensation and Benefits

- (a) Base Salary. During the Employment Period, the Executive's base salary shall be \$300,000 per annum, or a higher amount per annum if the Board, in its sole discretion, should increase Executive's base salary (the "Base Salary"). The Base Salary shall be payable in regular installments in accordance with the Company's general payroll practices and subject to withholding and other payroll taxes.
- (b) Benefits. In addition, during the Employment Period and subject to the terms and conditions of any applicable plans and programs, the Executive shall be eligible to participate in all employee benefit programs (including, without limitation, healthcare, disability, life insurance and 21 days of paid time off ("PTO") per annum, (accruing at 1.75 days per month), in addition to 10 company paid holidays.
- (c) Bonuses. In addition to the Base Salary, each calendar year during the Employment Period, the Executive shall be eligible to receive an annual cash bonus of up to 40% of the Base Salary (less all applicable taxes and deductions). Bonus payments will be prorated in an amount proportional to the length of time the Executive is employed by Shutterstock during the applicable calendar year. The determination of bonus payments will be based on the achievement of certain objective or subjective criteria established by Company in consultation with the Executive. Any bonus amount shall be determined by the Company in its sole discretion.

- (d) Expenses. During the Employment Period, the Company shall reimburse the Executive for all reasonable expenses incurred by her in the course of performing her duties under this Agreement which are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses (and in each case that have been approved by the President and/or the Board), subject in all instances to the Company's requirements with respect to reporting, documentation and approval of such expenses.
- (e) Restricted Stock Units. As set forth in the Original Agreement, the Executive received certain grants of restricted stock units ("RSUs") following the Executive's commencement of employment (collectively, the "Initial Equity Grants"). The terms of the Initial Equity Grants will continue to be subject to the award agreements evidencing the Initial Equity Grants and nothing herein shall modify, amend or otherwise change such terms. Further, except as may be stated in the applicable award agreement or herein pursuant to Section 4, vesting on the Initial Equity Grants will cease if the Executive's employment terminates. In addition to the Initial Equity Grants, the Executive will be considered for one or more additional annual equity grant, based on performance, each at the discretion of the Company.

Section 4. Term and Termination.

- (a) The employment of the Executive by the Company shall commence on the Effective Date and continue thereafter until terminated by the Company or the Executive as provided herein.
- (b) The Employment Period:
 - (i) may be terminated by the Executive at any time by written notice to the Board at least thirty (30) days prior to such termination, such termination to be effective on the date specified in such notice;
 - (ii) may be terminated by the Executive for "Good Reason" (as said term is hereinafter defined) at any time by written notice to the Board at least thirty (30) days prior to such termination, such termination to be effective on the date specified in such notice;
 - (iii) shall terminate upon the Executive's death or Disability (as defined below) and;
 - (iv) may be terminated by the Company at any time for Cause or without Cause by delivering written notice to the Executive.
- (c) Termination without Cause or for resignation for Good Reason and not in Connection with a Change in Control. If the Company terminates Executive's employment with the Company for a reason other than Cause, Executive becoming Disabled or Executive's death at any time other than during the twenty-four (24)-month period immediately following a Change in Control, then, subject to Section 5, Executive will receive the following severance benefits from the Company:
 - (i) Accrued Compensation. The Company will pay Executive all accrued but unpaid PTO, expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements.

- (ii) Severance Payment. Executive will receive severance in an amount equal to six (6) months of Executive's Base Salary 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 on the following schedule in accordance with the Company's regular payroll procedures: (x) 1/3 as soon as practicable after the Executive's termination of employment; (y) 1/3 on the six (6) month anniversary of Executive's termination of employment; and (z) 1/3 on the one (1) year anniversary of Executive's termination of employment.
 - (iii) Pro-Rated Bonus Payment. Executive will receive a lump-sum severance payment equal to one hundred percent (100%) of Executive's expected bonus, as determined by reviewing partial-year progress against goals, as in effect for the fiscal year in which Executive's termination occurs, pro-rated by multiplying such bonus amount by a fraction, the numerator of which shall be the number of days from and including the first day of such fiscal year through and including the date of Executive's termination, and the denominator of which shall be three-hundred and sixty-five (365).
 - (iv) 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) 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 becomes 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 applicable law, including, but not limited to Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.
 - (v) 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 six (6)-month period following Executive's termination of employment shall immediately vest and become exercisable as of the date of Executive's termination. In addition, Executive will have twelve (12) months following any such termination of employment in which to exercise any stock options, stock appreciation rights, or similar rights to acquire Company common stock, but in no event will such equity award be permitted to be exercised beyond the earlier of the original maximum term of such equity award or ten (10) years from the original grant date of such equity award.
 - (vi) Payments or Benefits Required by Law. Executive will receive such other compensation or benefits from the Company as may be required by law.
- (d) Termination without Cause or Resignation for Good Reason in Connection with a Change in Control. If during the twelve (12)-month period immediately following a Change in Control, (x) the Company terminates Executive's employment with the Company for a reason other than Cause, Executive becoming Disabled or Executive's death, or (y) Executive resigns from such

employment for Good Reason, then, subject to Section 4, Executive will receive the following severance benefits from the Company in lieu of the benefits described in Section 3(a) above:

- (i) Accrued Compensation. The Company will pay Executive all accrued but unpaid PTO, expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements.
 - (ii) Severance Payment. Executive will receive a lump sum severance payment equal to six (6) 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) Target Bonus Payment. Executive will receive a lump sum severance payment equal to one hundred percent (100%) of Executive's expected bonus 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.
 - (iv) 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) 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 becomes 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 applicable law, including, but not limited to Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.
 - (v) 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. In addition, Executive will have twelve (12) months following any such termination of employment in which to exercise any stock options, stock appreciation rights, or similar rights to acquire Company common stock, but in no event will such equity award be permitted to be exercised beyond the earlier of the original maximum term of such equity award or ten (10) years from the original grant date of such equity award.
 - (vi) Payments or Benefits Required by Law. Executive will receive such other compensation or benefits from the Company as may be required by law.
- (e) Disability; Death. If Executive's employment with the Company is terminated due to Executive becoming Disabled or Executive's death, then Executive or Executive's estate (as the case may be)

will (i) receive the earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued PTO, expense reimbursements and any other benefits due to Executive through the date of termination of employment in accordance with Company-provided or paid plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, COBRA). All payments under clauses (i) through (ii) above shall in all cases be made within thirty (30) days of Executive's termination of employment pursuant to this Section 4(e).

- (f) Voluntary Resignation; Termination for Cause. If Executive voluntarily terminates Executive's employment with the Company (other than for Good Reason during the twenty-four (24)-month period immediately following a Change of Control) or if the Company terminates Executive's employment with the Company for Cause, then Executive will (i) receive her earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued PTO, expense reimbursements and any other benefits due to Executive through the date of termination of employment in accordance with established Company-provided or paid plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, COBRA).
- (g) Timing of Payments. Subject to any specific timing provisions in Sections 4(c), 4(d) or 4(e) as applicable, or the provisions of Section 5, 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.
- (h) Exclusive Remedy. In the event of a termination of Executive's employment with the Company, the provisions of this Section 4 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, and any unreimbursed reimbursable expenses). Executive will be entitled to 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 this Agreement or pursuant to written equity award agreements with the Company.
- (i) For purposes of this Agreement, "Affiliate" means, with respect to any Person, (i) who is an individual, the spouse, parent, sibling or lineal descendant of such Person, (ii) that is an entity, the officers, directors, managers, members, partners or any affiliate of the foregoing and (iii) any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person. For purposes of this definition, the terms "control," "controlling," "controlled by" and "under common control with," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
- (j) For purposes of this Agreement, "Cause" means (i) the failure by the Executive to observe material Company policies and/or material policies of Affiliates of the Company generally applicable to executives of the Company and/or its Affiliates, (ii) gross negligence or willful misconduct by the Executive in the performance of her duties, (iii) the commission by the Executive of any act of fraud, theft or financial dishonesty with respect to the Company or any of

its Affiliates, (iv) the Executive's indictment, conviction of, or pleading no contest or *nolo contendere* to, any felony or a lesser crime involving dishonesty or moral turpitude, (v) the breach by the Executive of any material provision of this Agreement or any other agreement or contract with the Company or any of its Affiliates, or (vi) chronic absenteeism, provided that that the events or conditions listed above in subsections (v) and (vi) shall not constitute Cause unless; (A) within thirty (30) days of the Company becoming aware of the event(s) described therein, the Company provides the Executive with written notice that Cause to terminate her exists; (B) the Executive has not remedied the events described in the Company's notice within thirty (30) days of receipt of the notice; and (C) the Company terminates the Executive's employment within fifteen (15) days following the expiration of that cure period.

- (k) For purposes of this Agreement, "Disability" shall mean any long-term disability or incapacity which (i) renders the Executive unable to substantially perform her duties hereunder for one hundred (100) days or longer during any period of 360 consecutive days or (ii) would reasonably be expected to render the Executive unable to substantially perform her duties for one hundred (100) days or longer during any period of 360 consecutive days, in each case as determined by the Board in its good faith judgment.
- (l) For purposes of this Agreement, "Good Reason" shall mean, without Executive's written consent (i) a material reduction of Executive's title, duties, responsibilities, authority and/or reporting relationship from those in effect on the Effective Date, (ii) the relocation of the principal place of business of the Company by more than thirty-five (35) miles from Executive's residence as of the Effective Date as set forth on the signature page hereof and a requirement that the Executive perform her services at the new location, (iii) the breach by the Company of any material provisions of this Agreement or any material agreement the Company and Executive enter into, or (iv) any material reduction in Executive's base salary or bonus level; provided, however, that none of the events or conditions listed above shall constitute Good Reason unless: (A) within thirty (30) days of Executive becoming aware of the event(s) described in (i) - (iv), the Executive provides the Company written notice that Good Reason to resign exists; (B) the Company has not remedied the events described in Executive's notice within thirty (30) days of receipt of the notice; and (C) Executive terminates her employment within fifteen (15) days following the expiration of that cure period.
- (m) Effective upon termination of employment hereunder for any reason, the Executive hereby gives the Company and any applicable subsidiary and Affiliate of the Company, notice of her resignation from any and all positions as officer of the Company and its subsidiaries and Affiliates and as a manager on the Board or other similar governing body of the Company and its subsidiaries, as applicable. The Executive hereby agrees to provide prompt written confirmation to the Company of the foregoing upon her termination for any reason.

Section 5. Restrictive Covenants.

(a) Confidential Information

- (i) The Executive has had and will have access to certain valuable, highly confidential, privileged and proprietary information related to the Business (as defined below), including, without limitation, information pertaining to the Company Group's (as

defined below) operations, customer and supplier lists, pricing information, cost structure, trade secrets, intellectual property, marketing information, business plans and financial and other information regarded by the Company Group as proprietary and confidential information (collectively, the "Confidential Information"). Confidential Information includes all information that has or could have commercial value or other utility in the business in which the Company Group is engaged or in which it contemplates engaging, and all information of which the unauthorized disclosure is or could be detrimental to the interests of the Company Group; provided, however, that Confidential Information shall not and does not include any information or material (i) publicly known or generally available in the trade or business, or is or becomes generally available to the public or trade other than as a result of a wrongful disclosure by (x) the Executive or (y) any Person bound by a duty of confidentiality or similar duty owed to the Company Group; (ii) to the extent that such information or material is filed with any Governmental Authority on a non-confidential basis; or (iii) to the extent that such information or material is subject to a subpoena, summons or other legal process, provided, however, that the Executive shall immediately give the Company notice of the circumstances surrounding such compelled disclosure requests, consult with the Company on the advisability of taking legally available steps to resist or narrow such compelled disclosure requests, and assist the Company in seeking a protective order with respect thereto, including, by way of example but not of limitation, allowing the Company time to seek such protective order (the Company will reimburse the Executive for any reasonable expenses incurred in providing such assistance).

- (b) Except to the extent necessary to perform her duties hereunder, the Executive agrees to keep secret and retain in strictest confidence all Confidential Information during the Employment Period and at any time thereafter. Except to the extent necessary to perform her job duties hereunder, the Executive shall not, without the prior written consent of the Company, directly or indirectly: (i) communicate, divulge, disclose, furnish or make accessible to any Person, whether or not in competition with the Company Group, and whether or not for pecuniary gain, any aspect of the Confidential Information, or (ii) reproduce or recreate any Confidential Information. Upon the request by the Company, the Executive shall return all documents and other tangible items containing Confidential Information to the Company, without retaining any copies, notes or excerpts thereof. Notwithstanding anything to the contrary contained herein, Executive, acting in good faith, may authorize third parties to disclose Confidential Information if the Executive determines that such disclosure is necessary to allow such third parties to perform their job duties or otherwise render services to Company or to comply with applicable laws, regulations or with the rules of any securities exchange or other applicable securities market.
- (c) During the Restrictive Period (as defined below), Executive shall not, without the prior written consent of the Company, directly or indirectly, (x) employ or assist any other Person in employing any individual, as an employee or independent contractor (other than for the Company), or (y) induce or solicit for employment, as an employee or independent contractor, or assist any other Person in inducing or soliciting for employment (other than for the Company), as an employee or independent contractor, any individual who, in each case, is or was at any time during such Restricted Period, an employee of the Company Group.

- (d) During the Restrictive Period, the Executive shall not, without the prior written consent of the Company in each instance, directly or indirectly, solicit or contact any Person that was a supplier, customer or client of the Company Group at any time during the term hereof for the purpose of (i) providing to, or obtaining from, such supplier, customer or client goods or services in competition with the Business, (ii) inducing or encouraging them to acquire or obtain from anyone other than the Company Group, goods or services in competition with the Business or (iii) inducing or encouraging them to provide goods or services in competition with the Business, to any other Person or entity, provided however that the foregoing shall not apply to the use of professionals such as law firms, auditors, and the like.
- (e) During the Restrictive Period, the Executive shall not, (i) engage in the Business within the Territory; (ii) engage or assist any Person (whether in a financial, managerial, employment, advisory or other capacity or as a stockholder or owner, or by the provision of information) to engage in a business or business activities or in competition with the Business within the Territory; or (iii) own any interest in or organize a corporation, partnership or other business or organization which engages in a business or business activities similar to or in competition with the Business within the Territory. The restrictions contained in this subparagraph shall not apply to ownership by Executive of less than a ten percent (10%) interest in any company, partnership or other business that competes with Company, provided that the Executive does not otherwise breach the terms hereof, and further provided that Executive discloses such ownership interest to Company simultaneously with the execution hereof or within five (5) days of acquiring same, as applicable. Notwithstanding the foregoing, if Executive is employed by a corporation, partnership or other business with multiple business activities, and less than seven and one-half percent (7.5%) of that corporation's annual revenues derive from the competitive business activity, Executive's engagement in business with that company will not violate the provisions of this Section so long as her duties are not directly related to the competitive activities of that business. The foregoing sentence does not constitute nor shall it be deemed to constitute a waiver of any of the restrictive covenants contained herein.
- (f) The Executive agrees that she will not engage in any conduct that is materially injurious to the reputation and interest of the Company Group, including but not limited to, disparaging, inducing or encouraging others to disparage the Company Group, or making or causing to be made any statement that is critical of or otherwise maligns the business reputation of the Company Group, and which is materially injurious to the reputation and interest of the Company Group.
- (g) Section 409A.
- (i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to the 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 the 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 "separation from service" within the meaning of Section 409A. Similarly, no severance payable to the 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 the Executive is a "specified employee" within the meaning of Section 409A at the time of the 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 the 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 the 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 the Executive dies following the 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 the 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 constitute to 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) Any tax gross-up that the Executive is entitled to receive under this Agreement or otherwise shall be paid to the Executive no later than December 31 of the calendar year following the calendar year in which the Executive remits the related taxes.

(vii) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes “nonqualified deferred compensation” for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

(viii) The payments and benefits provided under Sections 4 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 the Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to the Executive under Section 409A.

(h) The Executive acknowledges that her agreement to the provisions set forth in this Agreement, and, in particular, the provisions set forth in this Section 5, is consideration for the Executive’s continued employment with the Company. As used herein, the following terms shall have the following meanings: (i) “Business” means the business relating to the collection, sale, distribution and marketing of stock photography, stock video and production music; (ii) “Company Group” shall mean the Company and its direct and indirect subsidiaries; (iii) “Governmental Authority” means any federal, state, municipal, foreign or other government, governmental department, commission, board, bureau, agency or instrumentality, or any private or public court or tribunal; (iv) “Person” shall be construed in the broadest sense and means and includes any natural person, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization and other entity or Governmental Authority; (v) “Restrictive Period” shall mean the period commencing on the Effective Date and continuing until the six month anniversary of the termination of the Employment Period; and (vi) “Territory” shall mean the United States of America and other jurisdictions where the Company transacts business as of the date hereof.

Section 6. Inventions and Patents.

The Executive agrees that all inventions, innovations, improvements, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether or not patentable) which relate to the Company’s or any of its Affiliates’ actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Executive (whether or not during usual business hours and whether or not alone or in conjunction with any other Person) while employed by the Company (and for the Restrictive Period if and to the extent such Work Product (as defined below) results from any work performed for the Company, any use of the Company’s premises or property or any use of the Company’s Confidential Information together with all patent applications, letters patent, trademark, trade name and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing (collectively referred to herein as, the “Work Product”), belong in all instances to the Company or such subsidiary. The Executive will promptly disclose such Work Product to the Company and perform all actions reasonably requested by the President and/or the Board (whether during or after the Employment Period) to establish and confirm the Company’s ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of

attorney and other instruments) and to provide reasonable assistance to the Company or any of its subsidiaries (whether during or after the Employment Period) in connection with the prosecution of any applications for patents, trademarks, trade names, service marks or reissues thereof or in the prosecution or defense of interferences relating to any Work Product. The Executive recognizes and agrees that the Work Product, to the extent copyrightable, constitutes works made for hire under the copyright laws of the United States.

Section 7. Enforcement.

Because the Executive's services are unique and because the Executive has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of Section 5 or 6 of this Agreement. Therefore, in the event of a breach or threatened breach of Section 5 or 6 of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) or require the Executive to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained in Section 5 or 6 of this Agreement, if and when final judgment of a court of competent jurisdiction is so entered against the Executive.

Section 8. Insurance.

The Company may, for its own benefit, maintain "keyman" life and disability insurance policies covering the Executive. The Executive will cooperate with the Company and provide such information or other assistance as the Company may reasonably request in connection with the Company obtaining and maintaining such policies.

Section 9. Termination of Severance Payments.

In addition to the foregoing, and not in any limitation thereof, or in limitation of any right or remedy otherwise available to the Company, if the Executive violates any provision of this Agreement, including those set forth in Sections 5 or 6, any and all payments or benefits then or thereafter due from the Company to the Executive hereunder, including, without limitation the severance benefits under Section 4, shall be terminated forthwith and the Company's obligation to pay and the Executive's right to receive such payments or benefits shall terminate and be of no further force or effect, in each case without limiting or affecting the Executive's obligations under Sections 5 and 6 or the Company's other rights and remedies available at law or equity. In the event of a proven breach by the Company, Executive shall be entitled to her reasonable attorney fees and costs.

Section 10. Employment Representations and Warranties of the Executive.

The Executive hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Executive does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Executive is a party or any judgment, order or decree to which the Executive is subject, (b) except as previously disclosed in writing to the Company, the Executive is not a party to or bound by any employment agreement, consulting agreement, non-compete agreement, confidentiality agreement or similar agreement with any other Person or entity and (c) upon the execution and delivery of this Agreement by the Company and the Executive, this Agreement will be a valid and binding obligation of the Executive, enforceable in accordance with its terms. Executive agrees that she will not use or bring to the Company any trade secrets of another Person.

Section 11. General Provisions.

- (a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any provision of this Agreement is determined to be partially or wholly invalid, illegal or unenforceable in any jurisdiction, then such provision shall, as to such jurisdiction, be modified or restricted to the extent necessary to make such provision valid, binding and enforceable, or if such provision cannot be modified or restricted, then such provision shall, as to such jurisdiction, be deemed to be excised from this Agreement; provided, however, that the binding effect and enforceability of the remaining provisions of this Agreement, to the extent the economic benefits conferred upon the parties by virtue of this Agreement remain substantially unimpaired, shall not be affected or impaired in any manner, and any such invalidity, illegality or unenforceability with respect to such provisions shall not invalidate or render unenforceable such provision in any other jurisdiction.
- (b) Complete Agreement. This Agreement and those documents expressly referred to herein and therein embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way, including, without limitation, the Original Agreement.
- (c) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Executive and the Company and their respective successors, assigns, heirs, representatives and estate; provided, however, that the rights and obligations of the Executive under this Agreement shall not be assigned without the prior written consent of the Company.
- (d) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED. ANY PROCEEDING AGAINST THE PARTIES RELATING IN ANY WAY TO THIS AGREEMENT SHALL ONLY BE BROUGHT AND ENFORCED IN THE COURTS OF THE STATE OF NEW YORK OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, TO THE EXTENT SUBJECT MATTER JURISDICTION EXISTS THEREFOR, AND THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF BOTH SUCH COURTS IN RESPECT OF ANY SUCH PROCEEDING. EACH OF THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDING IN THE COURTS OF THE STATE OF NEW YORK LOCATED IN NEW YORK COUNTY OR THE SOUTHERN DISTRICT OF NEW YORK AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN ANY INCONVENIENT FORUM. ANY JUDGMENT MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY

WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

- (e) Remedies. All remedies hereunder are cumulative, are in addition to any other remedies provided for by law and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy.
- (f) Amendment and Waiver. This Agreement may be amended or modified or any provision hereunder waived only by a written instrument signed by all of the parties hereto. Failure of any party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part thereof or the right of any party thereafter to enforce each and every provision. No waiver of any breach or noncompliance of this Agreement shall be held to be a waiver of any other or subsequent breach or noncompliance.
- (g) Headings. The headings contained in this Agreement are for reference purposes only and shall in no way affect the meaning or interpretation of this Agreement. In this Agreement, the singular includes the plural, the plural includes the singular, the masculine gender includes both male and female referents, and the word "or" is used in the inclusive sense.
- (h) Counterparts. This Agreement may be executed by facsimile signature or by signing, scanning and emailing, and in two or more counterparts, each of which shall be deemed to be an original but all of which, taken together, constitute one and the same agreement.
- (i) Affirmation. The Executive acknowledges that the Executive has carefully read this Agreement, knows and understands its terms and conditions, and has had the opportunity to ask the Company any questions the Executive may have had prior to signing this Agreement. The Executive further acknowledges and agrees that the Executive has had the opportunity to seek the advice of independent legal counsel with respect to this Agreement.
- (j) Indemnification. The Company shall provide to the Executive all indemnification-related protections and benefits provided to senior executives of the Company.

Section 12. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

- (a) Business. "Business" means (i) the business relating to the collection, sale, distribution and marketing of stock photography and/or stock video footage and/o production music and (ii) any additional business engaged in by the Company at the time of Executive's termination of employment pursuant to which the Company derives at least two percent (2%) of its annual gross revenues as of such date.
- (b) Change in Control. "Change in Control" means the occurrence of any of the following:
 - (i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if the Company's shareholders immediately prior to such merger, consolidation or reorganization cease to directly or

indirectly own immediately after such merger, consolidation or reorganization at least a majority of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, consolidation or other reorganization;

- (ii) The consummation of the sale, transfer or other disposition of all or substantially all of the Company's assets (other than (x) to a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company, (y) to a corporation or other entity owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of the common stock of the Company or (z) to a continuing or surviving entity described in Section 12(b)(i) in connection with a merger, consolidation or corporate reorganization which does not result in a Change in Control under Section 12(b)(i));
- (iii) A change in the effective control of the Company which occurs on the date that a majority of members of the Company's Board of Directors (the "Board") is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause, if any person (as defined below in Section 12(b)(iv)) is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or
- (iv) The consummation of any transaction as a result of which any Person becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), directly or indirectly, of securities of the Company representing at least fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities. For purposes of clauses (iii) and (iv) of this Section 12(b), the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude:
 - (1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or an affiliate of the Company;
 - (2) a corporation or other entity owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of the common stock of the Company;
 - (3) the Company; and
 - (4) a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions. For the avoidance of doubt, an initial public offering of the common stock of the Company shall not constitute a Change in Control for purposes of this Agreement.

- (c) Company Group. "Company Group" means the Company and its direct and indirect subsidiaries.
- (d) Code. "Code" means the Internal Revenue Code of 1986, as amended.
- (e) Governmental Authority. "Governmental Authority" means any federal, state, municipal, foreign or other government, governmental department, commission, board, bureau, agency or instrumentality, or any private or public court or tribunal.
- (f) Person. "Person" shall be construed in the broadest sense and means and includes any natural person, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization and other entity or Governmental Authority.
- (g) Section 409A. "Section 409A" means Code Section 409A, and the final regulations and any guidance promulgated thereunder or any state law equivalent.
- (h) 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 her 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.
- (i) Territory. "Territory" means the United States of America and other jurisdictions where the Company transacts business as of the date of Executive's termination of employment.

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Employment Agreement as of the date first written above.

SHUTTERSTOCK, INC.

By: /s/ Steven Berns _____ /s/ Catherine Ulrich _____
Steven Berns Catherine Ulrich

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

Anshu Aggarwal
43 Stratford Circle
Edison, NJ 08820

Re: EMPLOYMENT AGREEMENT

Dear Anshu:

This Employment Agreement (the “*Agreement*”) between you (referred to hereinafter as the “*Executive*”) 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 on or before October 19, 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 Technology Officer. Executive will report to the Company’s Chief Executive Officer, or to such other person as the Company subsequently may determine (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 or as otherwise may be assigned or delegated to Executive by your Supervisor.

(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 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. Notwithstanding the foregoing, Executive may serve on civic or charitable boards or committees, 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 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.

(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 \$360,000.00, 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 and adjustments that will be made based upon the Company's normal performance review practices. 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 established by, and in the sole discretion of, the Company's Board of Directors (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 fifty percent (50%) 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 be adjusted up or down, 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 first fiscal year Executive is eligible to receive a Cash Bonus shall

be pro-rated based on the number of days Executive was employed by the Company during such fiscal year.

(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 45,000 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 business 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 60,000 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 one-fourth (1/4) of the shares subject to the Option 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 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 and not in Connection with a Change in Control.** If the Company terminates Executive's employment with the Company for a reason other than for Cause, Executive becoming Disabled or Executive's death at any time other than during the twelve (12)-month period immediately following a Change in Control, 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.** If the Executive's termination date is at least twelve (12) months following the Start Date, fifty percent (50%) of 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 in Connection with a Change in Control. If during the twelve (12)-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 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 six (6) 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 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 six (6) 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.** Fifty percent (50%) of 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) **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 during the twelve (12) month period immediately following a Change of Control), 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 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, and any unreimbursed reimbursable expenses). Executive will be entitled to 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.

(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 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 “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 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 or willful misconduct in the performance of his or her duties and responsibilities to the Company or Executive's violation of any written Company policy;

(ii) 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;

(iii) Executive's conviction of, or pleading guilty or nolo contendere to, any felony or a lesser crime involving dishonesty or moral turpitude;

(iv) Executive's alcohol abuse or other substance abuse;

(v) Executive's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of his or her relationship with the Company; or

(vi) Executive's material breach of any of his or her 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.

(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; provided, however, that not being named the Chief Technology Officer of the acquiring corporation following a Change in Control of the Company will not constitute Good Reason;

(ii) A material reduction in Executive's base compensation (except where there is a reduction applicable to all similarly situated executive officers generally); provided, that a reduction of less than ten percent (10%) will not be considered a material reduction in base compensation;

(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 six (6) 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 Non-Disclosure Agreement, in the form attached hereto as Attachment A (the "**Non-Disclosure Agreement**"), prior to or on your Start Date.

(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, and the arbitrator shall award attorneys' fees and costs to the prevailing party, except as prohibited by 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.**

(a) **Indemnification.** The Company shall indemnify Executive to the maximum extent permitted by applicable law and the Company's Bylaws with respect to Executive's 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, General Counsel & Secretary

ACCEPTED AND AGREED:

ANSHU AGGARWAL

/s/ Anshu Aggarwal
(Signature)

09/15/2015
Date

ATTACHMENT A

NON-DISCLOSURE AGREEMENT

(See Attached)

[Shutterstock Letterhead]

November 9, 2015

Dear Peter,

We're happy to extend an offer of employment for the position of Chief People Officer at Shutterstock Inc. ("Shutterstock" or "Company"). This offer is contingent upon your written consent to, and the satisfactory completion of a background check and verification of your employment eligibility to work in the United States.

Your employment will be "at-will", meaning that Shutterstock and you each have the right to end the employment relationship at any time, without reason or notice. You will be required to comply with and consent to all policies and procedures applicable to Shutterstock employees.

The job responsibilities will be as described in our interview process but are subject to change as necessary, and as directed.

Your pre-tax annual salary (Base Salary) will be \$280,000 per year, paid bi-weekly at a rate of \$10,769.23 minus appropriate withholding taxes and deductions. There are 26 pay periods annually.

For 2016 you will be eligible to be considered for an annual discretionary cash bonus of up to 40% of your Base Salary (less all applicable taxes and deductions). Bonus payments will be prorated in an amount proportional to the length of time you are employed by Shutterstock during the applicable calendar year. The determination of bonus payments will be based on the achievement of certain objective or subjective criteria established by, and in the sole discretion of the Company. Further, payment of any bonus is subject to you being employed by Shutterstock at the time of payment.

Pending Shutterstock's Board of Directors' approval, you will receive a grant of 20,000 unvested restricted stock units (RSUs) and 25,000 unvested options. Vesting of the grant will be over 4 years. 25% of the grant will vest on each anniversary of the original grant date. Vesting will cease if your employment terminates for any reason. Complete details of the grant will be provided to you in a separate Stock Award Agreement which will govern the terms of your Stock Award, including vesting.

If your employment with the Company is terminated without Cause (as defined below), then the Company shall pay you any earned but unpaid base salary and unused vacation benefits accrued through the date of termination, at the rates then in effect, less standard deductions and withholdings. In addition, if you sign a waiver and release of claims in a form to be provided by the Company (the "Release") within the time period specified therein, and allow it to become effective in accordance with its terms, then the Company shall pay you an amount equal to six months of your base salary in effect at the time of termination. This amount shall be paid in equal monthly installments over a six-month period (the "Severance Period"), with the first payment to be made within fifteen days following the effective date of the Release and will be subject to required withholding. In addition, if you are eligible for and timely elect COBRA coverage, the Company will pay your COBRA premiums until the earlier of (x) six months after your termination of employment or (y) the date upon which you become eligible for coverage under another employer's group health plan; provided, however, such payment will be taxable to the extent required to avoid adverse consequences to you or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010. Notwithstanding the foregoing, in the event you become employed during the Severance Period, all severance amounts due and

payable hereunder shall immediately cease as of the date you accept such employment without any further obligation by the Company.

"Cause" shall mean the occurrence of any of the following: (i) your gross negligence or willful misconduct in the performance of your duties and responsibilities to the Company or your violation of any written Company policy; (ii) your 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; (iii) your conviction of, or pleading guilty or nolo contendere to, any felony or a lesser crime involving dishonesty or moral turpitude; (iv) your alcohol abuse or other substance abuse; (v) your unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of his or her relationship with the Company; or (vi) your material breach of any of your obligations under any written agreement or covenant with the Company.

You will receive 21 days of paid time off per year (accruing at 1.75 days per month), in addition to 10 company paid holidays.

You and your qualifying dependents will be eligible to participate in the employee benefit plans offered by Shutterstock and generally made available to similarly situated employees of the Company. The Company reserves the right to cancel or change the employee benefit plans and programs it offers to its employees at any time.

We look forward to welcoming you to the company!

Please indicate your consent to the foregoing terms of employment by electronically signing below.

CONSENTED TO AND AGREED:

/s/ Peter Phelan
Peter Phelan

November 11, 2015
Date:

Mutual Separation Agreement and General Release
Dated as of March 22, 2016

Peter Phelan
390 1st Avenue, Apt. 3E
New York, NY 10010

Dear Peter,

When signed below in the places indicated, the following shall constitute an agreement (the "Agreement") between you ("you" or "Employee") and Shutterstock, Inc. ("Shutterstock" or "Company").

1. Your employment as an "at-will employee" of Shutterstock will terminate at the close of business on March 25, 2016 ("Effective Termination Date").
 - a. You will be paid your current salary through the close of business on the Effective Termination Date;
 - b. You will be paid for unused paid time off days accrued through the Effective Termination Date in accordance with Company policy;
 - c. On the Effective Termination Date, you will be automatically withdrawn from Shutterstock's Employee Stock Purchase Plan ("ESPP"), and any payroll deductions credited to your ESPP account during the "offering period" (as said term is defined in the ESPP) but not used to purchase shares of Company stock will be returned to you (without interest) in accordance with the ESPP; and
 - d. Upon termination, your rights in respect of any stock options and restricted stock units ("RSUs") granted to you shall be controlled by the Restricted Stock Unit Award Agreement and/or the Stock Option Award Agreement, as the case may be, and Shutterstock's 2012 Omnibus Equity Incentive Plan unless otherwise specified below.
1. The Company wishes to settle any claims that you may or could assert in connection with your employment with, or termination from Shutterstock. Accordingly, notwithstanding the termination of your employment with Shutterstock, subject to the timely execution and delivery (and not revoking) hereof and in consideration of the agreements contained herein:
 - a. Pursuant to the terms of the employment offer letter between you and the Company, executed by you on November 11, 2015 (the "Offer Letter"), you will be entitled to a

Initials: /s/ PP
Date: 4/8/16

cash severance payment in the amount of \$140,000.00 less all applicable taxes and withholdings. The payment shall be made over the course of six (6) months in equal biweekly installments in accordance with the Company's normal payroll cycle. Payments will begin following the later of the Effective Termination Date and the "Effective Date" of this Agreement (as defined in paragraph 4.b), provided that the Company receives this Agreement executed by you in a timely fashion.

- b. Pursuant to the terms of the Offer Letter, if you are eligible for and timely elect COBRA coverage, the Company will pay your COBRA premiums until the earlier of (x) six months following the later of the Effective Termination Date and the "Effective Date" of this Agreement (as defined in paragraph 4.b) or (y) the date upon which you become eligible for coverage under another employer's group health plan; provided, however, such payment will be taxable to the extent required to avoid adverse consequences to you or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.

Notwithstanding the foregoing, in the event you become employed during the Severance Period (as defined in the Offer Letter), all severance amounts due and payable hereunder shall immediately cease as of the date you accept such employment without any further obligation by the Company. You are hereby required to provide the Company with written notice immediately upon accepting employment with another employer.

2. If this Agreement does not become effective and irrevocable within thirty (30) days of the Effective Termination Date, you will not be entitled to any of the severance benefits set forth under this Section 2.
3. This Agreement is intended to satisfy the requirements of the Older Workers' Benefit Protection Act (the "OWBPA"), 29 U.S.C. sec. 626(f).
 - a. You acknowledge and agree that (i) you have read and understand the terms of this Agreement; (ii) you are advised to consult with an attorney before executing this Agreement, and you have been represented by legal counsel in connection with the signing of this Agreement or you have waived your right to such representation; (iii) you understand that the Company hereby gives you a period of twenty-one (21) days to review and consider this Agreement before signing it. You further understand that you may use as much of this twenty-one (21) day period as you wish prior to signing. However, if you fail to sign this Agreement before the twenty-one (21) day period expires, this Agreement will terminate automatically and you will have no rights hereunder or under any equity agreement with Shutterstock. Changes to this Agreement, material or otherwise, will not extend the aforementioned twenty-one (21) day period. You also agree and acknowledge that the consideration provided to you under this Agreement is in addition to anything of value to which you are already entitled.
 - b. You may revoke this Agreement for a period of seven (7) days following the day you sign same (the "Revocation Period"). Any revocation must be submitted, in writing, to Shutterstock, Inc. 350 Fifth Avenue, 21st Floor, New York, New York 10118 Attention: General Counsel, and must state, "I hereby revoke my acceptance of my Mutual

Initials: /s/ PP
Date: 4/8/16

Separation Agreement and General Release Agreement". This Agreement shall not become effective or enforceable until the expiration of the Revocation Period (the "Effective Date"). If the last day of the Revocation Period is a Saturday, Sunday or legal holiday recognized by the State of New York, then the Revocation Period shall not expire until the next following day which is not a Saturday, Sunday or legal holiday. If you revoke this Agreement, it shall not be effective or enforceable, and you will not receive the benefits described in Paragraph 2.

- c. Preserved Rights of Employee. This Agreement does not waive or release any rights or claims that you may have under the Age Discrimination in Employment Act of 1967 (the "ADEA") that arise after the execution of this Agreement. In addition, this Agreement does not prohibit you from challenging the validity of this Agreement's waiver and release of claims under the ADEA or the OWBPA or commencing an action or proceeding to enforce this Agreement.
4. Except as expressly set forth in this Agreement, you shall not be entitled to any other compensation, including but not limited to salary, front pay, back pay, vacation pay, severance, commissions or bonuses from Shutterstock with respect to your employment with or termination from Shutterstock. Shutterstock will not contest any valid, accurate application you might make for unemployment insurance benefits.
5. Under separate cover, you will receive notice of your rights, if any, to continue your medical benefits pursuant to COBRA.
6.
 - a. For and in consideration of the payments and benefits enumerated in Paragraph 2, and for other valuable consideration to be provided to you pursuant to this Agreement, the receipt and sufficiency of which you hereby acknowledge, provided that the "Releasees" (as said term is hereinafter defined), do not breach the material terms of this Mutual Separation Agreement and General Release, you, for yourself, your heirs, executors, administrators, trustees, legal representatives, successors and assigns (collectively referred to as "Releasors"), hereby forever release and discharge Shutterstock and any of its employees, officers, shareholders, investors, subsidiaries, joint ventures, affiliates, divisions, employee benefit and/or pension plans or funds, successors and assigns and any of their past, present or future directors, officers, attorneys, agents, trustees, administrators, employees, or assigns (whether acting as agents or in their individual capacities) (collectively referred to as "Releasees"), from any and all claims, demands, causes of action, contracts, suits, proceedings, debts, damages and liabilities, in law or equity, known or unknown, whether asserted or not, arising out of or relating to your employment by or performance of services for Shutterstock or the termination of such employment or services, including without limitation any claims relating to a wrongful, premature or discriminatory termination of your employment and/or any and all claims under any and all federal, state or local laws including, but not limited to the fair employment practice laws of all jurisdictions, states, municipalities and localities, including, but not limited to Title VII of the Civil Rights

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Act of 1964, as amended, 42 U.S.C. §2000 et seq., the Civil Rights Act of 1991, the Older Workers Benefit Protection Act, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §621 et seq., the Americans With Disabilities Act of 1990, 42 U.S.C. §1211 et seq., the Consolidated Omnibus Budget Reconciliation Act of 1985, the Immigration Reform and Control Act of 1986, the Civil Rights Act of 1866, 42 U.S.C. §1982, the Employee Retirement Income Security Act of 1974; the Family and Medical Leave Act of 1993, the Genetic Information Non-Discrimination Act of 2008; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101 et seq., the New York Executive Law, Article 15, §290 et seq., the New York State Labor Law, the New York City Human Rights law; all as amended; and any claims relating to rights under federal, state or local laws prohibiting discrimination on the basis of race, color, creed, ancestry, national origin, age, sex, or other basis prohibited by law, and any other applicable federal, state or local laws or regulations. You expressly waive any and all entitlement you have now, to any relief, such as back pay (to the exclusion of any references in this Agreement), front pay, reinstatement, compensatory damages, punitive damages, as well as all claims, demands, causes of action, and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise including but not limited to tortious conduct), whether known or unknown, by reason of any act, omission, transaction or occurrence which Releasors ever had, now have or hereafter can, shall or may have arising out of your employment with Shutterstock against the Releasees up to and including the Effective Date of this Agreement arising out of your employment with the Company. Notwithstanding the foregoing, you will not release or discharge the Releasees from any of Shutterstock's obligations to you under or pursuant to (1) Section 1 and/or 2 of this Agreement or (2) any tax qualified pension plan of Shutterstock.

- b. You understand and agree that this is a full and general release covering all unknown, undisclosed and unanticipated losses, wrongs, injuries, debts, claims or damages to you which may have arisen, or may arise from any act or omission prior to the date of the complete execution of this Agreement, including, without limitation, any claim arising out of or related, directly or indirectly, to your employment, compensation or termination of employment, as well as those losses, wrongs, injuries, debts, claims or damages now known or disclosed which may arise as a result of any act or omission as described above.
7. You agree that your employment with the Company will end on the Effective Termination Date. You further acknowledge that no representations have been made to you by the Company (other than in this Agreement) about the benefits that the Company might or might not offer in the future. In the event that you apply for employment with Shutterstock, and/or any of its affiliates and/or subsidiaries, at any time in the future, and your application is rejected, you hereby agree that you shall make no claim of any nature whatsoever against Shutterstock or any of its affiliates arising out of such rejection, including without limitation, a claim of retaliatory rejection.

Initials: /s/ PP
Date: 4/8/16

8. You agree that by the Effective Termination Date, or as soon thereafter as possible, you will return to the Company all Company credit cards, files, memoranda, documents, records and copies of the foregoing, keys, all storage media containing Company information and any other property of the Company or its affiliates in your possession. You represent and warrant that as of the Effective Termination Date, or as soon thereafter as possible, you will have deleted all files, memoranda, documents and/or records containing Company information from any computer or storage device which you have utilized which is not located on Company premises. The Company acknowledges and agrees that you may retain any documents in your possession concerning employee benefits and/or compensation. You further agree not to disclose, nor use for your benefit or the benefit of any other person or entity, any information received in connection with the Company or its affiliates which is confidential or proprietary and (i) which has not been disclosed publicly by the Company, (ii) which is otherwise not a matter of public knowledge or (iii) which is a matter of public knowledge but you know or have reason to know that such information became a matter of public knowledge through an unauthorized disclosure. You further understand and acknowledge that (x) you continue to be bound by the Shutterstock Inc. Employee Non-Disclosure, Non-Compete and Non-Solicitation Agreement executed by you on November 20, 2015 (the "Employee Agreement") and (y) Exhibit A attached hereto sets forth a list of entities that are "competitors" of the Company for purposes of your obligations under the section of the Employee Agreement entitled "Post-Employment Noncompetition Agreement." For purposes of clarity, Exhibit A attached hereto is intended to be illustrative and not exhaustive, and the Company retains the right to determine, in its sole discretion, whether any new employer of yours is deemed a "competitor" for purposes of the Employee Agreement.
9. In addition to the non-solicitation obligations set forth in Section 10 of the Employee Agreement, for a period of one (1) year following the Effective Termination Date hereof, you shall not, without the prior written consent of the Company's Director, People/Human Resources Department: (a) directly or indirectly solicit or employ (or encourage any company or business organization in which you are an officer, manager, employee, partner, director, consultant or member, to solicit or employ) or (b) refer to any employee search firms, any person who was employed by the Company on the Effective Termination Date.
10.
 - a. Unless otherwise agreed to in a separate writing signed by you and Company, you promise not to discuss or disclose the terms of your separation from the Company or the amount or nature of the benefits paid to you under this Agreement to any person other than your family members and your attorney and/or financial advisor, should one be consulted, provided that those to whom you may make such disclosure agree to keep said information confidential and not disclose it to others. You shall not disparage or make any statement which might adversely affect the reputation of the Company. The Company shall use commercially reasonable efforts to not disparage or make any statement which might adversely affect your reputation. For the purpose of this Paragraph, the term "disparage" shall include, without limitation, any statement impugning the reputation or integrity of either you or a Releasee, as the case may be,

Initials: /s/ PP
Date: 4/8/16

accusing the aforesaid individual or entity of acting in violation of any law or governmental regulation or of condoning any such action, or otherwise acting in an unprofessional, dishonest, disreputable, improper, incompetent or negligent manner. In addition, the term "disparage" shall include any comments or communications made to any person regarding personal, intimate, or confidential matters relating you or any Releasee, as the case may be, and/or any comment or communication which might have the effect of embarrassing you or a Releasee in any manner. Nothing herein shall prevent you from including your employment with Shutterstock on your resume.

- b. The Human Resources/People Department will reply to all requests for a reference directed to it regarding your employment. The response to such request shall be limited to a statement of the dates of your employment and your position with the Company, or words to that effect and if requested by you, verification of your salary.
11. You represent, warrant and agree that you have not filed any lawsuits or arbitrations against Releasees, or filed or caused to be filed any claims, charges or complaints against the Releasee, in any administrative, judicial, arbitral or other forum, including any charges or complaints against the Releasees with any international, federal, state or local agency charged with the enforcement of any law or any self-regulatory organization. You are not aware of any factual or legal basis for any legitimate claim that the Company is in violation of any whistleblower, corporate compliance, or other regulatory obligation of the Company under international, federal, state or local law, rule or the Company policy. You further represent, warrant and agree that if you were ever aware of any such basis for a legitimate claim against the Company, you informed the Company of same.
 12. Upon service on you, or anyone acting on your behalf, of any subpoena, order, directive or other legal process requiring you to provide any information pertaining to the Company or its affiliates, or to engage in conduct encompassed within paragraphs 9 or 11(a) of this Agreement, you or your attorney shall immediately notify the Company of such service and of the content of any testimony or information to be provided pursuant to such subpoena, order, directive or other legal process and within two (2) business days send to the undersigned representative of the Company via overnight delivery (at the Company's expense) a copy of the documents that have been served upon you. Provided, however, that if you are requested to respond to an inquiry or provide testimony by or before any federal, state or local administrative or regulatory agency or authority about this Agreement or its underlying facts and circumstances, you (or your attorney) should fulfill your obligation to the Company, as set forth in this paragraph, only after you have responded to the inquiry or provided the testimony sought.
 13. Nothing in this Agreement, including, but not limited to, paragraphs 7(a), 9, 11 (a), 12, 13, or 16, shall prohibit or restrict you (or your attorney) from filing a charge, testifying, assisting, or participating in any manner in an investigation, hearing or proceeding; responding to any inquiry; or otherwise communicating with, any administrative or regulatory agency or authority, including, but not limited to, the Equal Employment Opportunity Commission (EEOC) and the National Labor Relations Board (NLRB). To the extent any lawsuits, arbitrations, claims, charges or complaints are filed against the Company in any administrative, judicial, arbitral or other

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forum, including any charges or complaints against the Company with any international, federal, state or local agency by a third party or otherwise, you expressly waive any claim to any form of monetary or other damages, or any other form of recovery or relief in connection with any such proceeding. If you break any of your promises set forth in Paragraphs 9, 10 or 11(a) of this Agreement, you will pay for all costs incurred by the Releasees, including their reasonable attorneys' fees, in defending against your claims. You shall also repay to the Company the entire monetary consideration you received pursuant to Paragraph 2 above.

14. The parties agree that this Agreement shall not constitute or operate as an acknowledgment or admission of any kind by Shutterstock that it has violated any federal, state, local or municipal statute, regulation or common law, or breached any other legal obligation or duty it has or ever had to you. In addition, you acknowledge that you have disclosed to the Company any information you have concerning any conduct involving the Company, or any of its employees that you have any reason to believe may be unlawful.
15. You agree to cooperate fully in any investigation the Company undertakes into matters occurring during your employment with the Company. Additionally, you agree that when requested by the Company or third parties with the Company's consent ("Designated Third Parties"), you will promptly and fully respond to all inquiries from the Company, Designated Third Parties and its/their representatives concerning matters relating to the Company including but not limited to any claims or lawsuits by or against the Company or any third parties. Furthermore, you agree to testify in matters related to the Company when requested by the Company or Designated Third Parties and, for all matters which are not adverse to the Employee, the Company shall reimburse your reasonable expenses incident to such cooperation and provide counsel at Company's sole expense on your behalf. In the event that you would prefer to have your own counsel, you may do so at your own cost and expense. In the event the Company requires your cooperation, the Company agrees to pay you for all time you devote to such cooperation at a rate not less than the pro-rated hourly rate of your annual compensation at the Effective Termination Date, plus reasonable travel and expenses.
16. By executing this Agreement, you affirm that you are competent and understand and accept the nature, terms and scope of this Agreement as fully resolving totally all differences and disputes between you and Shutterstock. Moreover, you acknowledge that by signing your name below you have read, understand and accept each of the terms of this Agreement, that you have had sufficient opportunity to review it, to consult with an attorney or other advisor (at your own expense), and have done so to the extent that you deem appropriate.
17. Except for the Employee Agreement, which shall remain in full force and effect, this is the entire Agreement between you and the Company. This Agreement may not be modified or canceled in any manner except by a writing signed by both you and an authorized Company official. You acknowledge that the Company has made no promises or representations to you other than those in this Agreement. It is not necessary that the Company sign this Agreement for it to become binding upon you.
18. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of laws. The parties agree to the exclusive

Initials: /s/ PP

Date: 4/8/16

jurisdiction and venue of the Supreme Court of the State of New York for New York County and/or the United States District Court for the Southern District of New York for the resolution of all disputes arising under this Agreement. Finally, to the extent permissible under applicable law, you hereby agree to waive your right to a jury trial in connection with any claim you may have against the Company.

19. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signatures of any party to a counterpart shall be deemed to be a signature to, and may be appended to, any other counterpart. Executed originals transmitted electronically as PDF files (or their equivalent) shall have the same force and effect as signed originals.
20. YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT AND RELEASE, UNDERSTAND IT, AND ARE VOLUNTARILY ENTERING INTO IT OF YOUR OWN FREE WILL, WITHOUT DURESS OR COERCION, AFTER DUE CONSIDERATION OF ITS TERMS AND CONDITIONS. YOU FURTHER ACKNOWLEDGE THAT EXCEPT AS STATED IN THIS AGREEMENT, NEITHER THE COMPANY NOR ANY REPRESENTATIVE OF THE COMPANY HAS MADE ANY REPRESENTATIONS OR PROMISES TO YOU. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE BEEN GIVEN AN OPPORTUNITY TO CONSULT WITH COUNSEL OF YOUR CHOICE BEFORE SIGNING THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER OR NOT YOU DO SO IS YOUR DECISION.
21. Should any provision of this Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

If the terms of this Agreement are acceptable to you, please sign both original copies and return them to Shutterstock Inc., Director, Human Resources, 350 Fifth Avenue, 21st Floor, New York, NY 10118 for countersignature. Once we have countersigned the Agreement we will send you a fully executed copy.

You must sign and return this Agreement to Shutterstock Inc., Director, Human Resources/People Department, 350 Fifth Avenue, 21st Floor, New York, NY 10118 no later than the close of business on the twenty-first (21st) day following your receipt of this Mutual Separation Agreement and General Release or irrevocably lose the right to receive the consideration detailed herein. You received the Agreement on March 22, 2016. Once we have countersigned the Agreement we will send you a fully executed copy.

Sincerely,

Shutterstock, Inc.

By: /s/ Steven Berns March 22, 2016
Steven Berns Date

Read, Agreed to and Accepted:

Initials: /s/ PP
Date: 4/8/16

/s/ Peter Phelan
Peter Phelan

April 8, 2016
Date

Initials: /s/ PP
Date: 4/8/16

EXHIBIT A
Illustrative List of Company Competitors*

(see attached)

Initials: /s/ PP
Date: 4/8/16

SHUTTERSTOCK, INC.

2012 OMNIBUS EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the capitalized terms used in this Restricted Stock Unit Award Agreement (the "Award Agreement") shall have the meanings ascribed to them in the Shutterstock, Inc. 2012 Omnibus Equity Incentive Plan (the "**Plan**").

I. NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant Name:

Address:

You have been granted an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Vesting Commencement Date

Number of Restricted Stock Units

Vesting Schedule

In the event Participant ceases to be a Service Provider (or gives or is given notice of such termination) for any or no reason before Participant vests in the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder, or the cash equivalent of all or some portion of such Shares, as determined by the Administrator in its sole discretion, will immediately terminate.

By Participant's acknowledgment on the UBS website and the signature of the representative of Shutterstock, Inc. (the "**Company**") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant (and any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the Participant's residence address.

SHUTTERSTOCK, INC.

By:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the “**Participant**”) under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 18 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company’s Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share, or the cash equivalent thereof, as determined by the Administrator in its sole discretion, on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to settlement of any such Restricted Stock Units. Prior to actual settlement of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be settled in whole Shares, or the cash equivalent of some or all of such Shares, as determined by the Administrator in its sole discretion, subject to Participant satisfying any applicable tax withholding or other obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in Shares and/or cash, as determined by the Administrator, as soon as practicable after vesting, but in each such case no later than two and one-half (2½) months from the end of the Company’s tax year that includes the vesting date.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant’s termination as a Service Provider (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a “specified employee” within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant’s termination as a Service Provider, then the settlement of such accelerated Restricted Stock Units will not occur until the date six (6) months and one (1) day following the date of Participant’s termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will

be settled in Shares and/or cash as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares and/or cash issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. **Forfeiture upon Termination of Status as a Service Provider.** Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time notice is provided (whether by Participant or the Company or Parent or Subsidiary) of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares and/or cash hereunder will immediately terminate.

6. **Death of Participant.** Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. **Withholding of Taxes.** Regardless of any action the Company or Participant's employer (the "**Employer**") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Restricted Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends, if any ("**Tax-Related Items**"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including grant or vesting, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued and no cash will be paid to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the Restricted Stock Units.

The Participant acknowledges and agrees that the Company or an affiliate of the Company has the right to deduct from payments of any kind otherwise due to the Participant any national, state, local or other taxes of any kind required by law to be withheld for Tax-Related Items relating to the vesting of the Restricted Stock Units. At such time as the Participant is not aware of any material nonpublic information about the Company or the Shares, the Participant shall execute the instructions set forth in Schedule A attached hereto (the "**Automatic Sale Instructions**") as the means of satisfying the Tax-Related Items that the Company is required to withhold. If the Participant does not execute the Automatic Sale Instructions prior to an applicable vesting date, then the Participant agrees that if under applicable law the Participant will owe taxes at such vesting date on the portion of the Award then vested the Company shall be entitled to immediate payment, in cash or check, from the Participant of the amount of any tax required to be withheld by the Company. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares and/or cash thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until, and only to the extent that, certificates representing Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES OR CASH HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are not intended to replace any pension rights or compensation; (g) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer; and (h) in accepting this Award of Restricted Stock Units, Participant will be bound by any clawback policy that the Company may adopt in the future.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Shutterstock, Inc., 350 Fifth Avenue, 21st Floor, New York, NY 10118 or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of any Shares issuable hereunder upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to issue any Shares pursuant to the Restricted Stock Units at any time if the issuance of Shares violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the Restricted Stock Units or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Restricted Stock Units or the Shares. Notwithstanding any provision herein, the Restricted Stock Units and any Shares and/or cash shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement may be made in the manner, and to the extent, set forth in the Plan.

20. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.*

For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

21. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Participant to provide such entity with certain information regarding the transaction.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

23. Governing Law. This Award Agreement will be governed by the laws of the State of New York, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of the County of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts.

Schedule A

Automatic Sale Instructions

The undersigned hereby consents and agrees that any taxes due on a vesting date as a result of the vesting of Restricted Stock Units on such date shall be paid through an automatic sale of shares as follows:

(a) Upon any vesting of Restricted Stock Units pursuant to Section 3 or 4 hereof, the Company shall arrange for the sale of, such number of Shares issuable with respect to the Restricted Stock Units that vest pursuant to Section 3 or 4 as is sufficient to generate net proceeds sufficient to satisfy the Company's minimum statutory withholding obligations with respect to the income recognized by the Participant upon the vesting of the Restricted Stock Units (based on minimum statutory withholding rates for all tax purposes, including payroll and social security taxes, that are applicable to such income), and the Company shall retain such net proceeds in satisfaction of such tax withholding obligations.

(b) The Participant hereby appoints the [TITLE(S)] of the Company[, and either of them acting alone and with full power of substitution,] to serve as his or her attorneys in fact to sell the Participant's Shares in accordance with this Schedule A. The Participant agrees to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Schedule A.

(c) The Participant represents to the Company that, as of the date hereof, he or she is not aware of any material nonpublic information about the Company or the Shares. The Participant and the Company have structured this Agreement, including this Schedule A, to constitute a "binding contract" relating to the sale of Common Stock, consistent with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

The Company shall not deliver any Shares to the Participant, or otherwise settle the Award of Restricted Stock Units, until it is satisfied that all required withholdings have been made.

Participant Name: _____

Date: _____

SHUTTERSTOCK, INC.

2012 OMNIBUS EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT FOR CANADIAN EMPLOYEES

Unless otherwise defined herein, the capitalized terms used in this Restricted Stock Unit Award Agreement (the "**Award Agreement**") shall have the meanings ascribed to them in the Shutterstock, Inc. 2012 Omnibus Equity Incentive Plan (the "**Plan**").

I. NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant Name:

Address:

You have been granted an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Vesting Commencement Date

Number of Restricted Stock Units

Vesting Schedule

In the event Participant ceases to be a Service Provider (or gives or is given notice of such termination) for any or no reason before Participant vests in the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder or the cash equivalent of all or some portion of such Shares, as determined by the Administrator in its sole discretion, will immediately terminate.

By Participant's acknowledgment on the UBS website and the signature of the representative of Shutterstock, Inc. (the "**Company**") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant (and any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the Participant's residence address.

SHUTTERSTOCK, INC.

By:
Title:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "**Participant**") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 18 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share, or the cash equivalent thereof, as determined by the Administrator in its sole discretion, on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to settlement of any such Restricted Stock Units. Prior to actual settlement of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be settled in whole Shares, or the cash equivalent of some or all of such Shares, as determined by the Administrator in its sole discretion, subject to Participant satisfying any applicable tax withholding or other obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in Shares and/or cash, as determined by the Administrator, as soon as practicable after vesting, but in each such case no later than two and one-half (2½) months from the end of the Company's tax year that includes the vesting date. In addition to the foregoing, no vested Restricted Stock Units shall be paid later than the end of the calendar year that includes the third anniversary of the Date of Grant.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the settlement of such accelerated Restricted Stock Units will not occur until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be settled in Shares and/or cash as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares and /or cash issuable thereunder will be subject to the additional tax imposed

under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time notice is provided (whether by Participant or the Company or Parent or Subsidiary) of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares and/or cash hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to the administrator, liquidator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Regardless of any action the Company or Participant's employer (the "**Employer**") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Restricted Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends, if any ("**Tax-Related Items**"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including grant or vesting, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued and no cash will be paid to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the Restricted Stock Units.

The Participant acknowledges and agrees that the Company or an affiliate of the Company has the right to deduct from payments of any kind otherwise due to the Participant any national, state, local or other taxes of any kind required by law to be withheld for Tax-Related Items relating to the vesting of the Restricted Stock Units. . At such time as the Participant is not aware of any material nonpublic information about the Company or the Shares, the Participant shall execute the instructions set forth in Schedule A attached hereto (the "Automatic Sale Instructions") as the means of satisfying the Tax-Related Items that the Company is required to withhold. If the Participant does not execute the Automatic Sale Instructions prior to an applicable vesting date, then the Participant agrees that if under applicable law the Participant will owe taxes at such vesting date on the portion of the Award then vested the Company shall be entitled to immediate payment, in cash or check, from the Participant of the amount of any tax required to be withheld by the Company. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares and/or cash thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until, and only to the extent that, certificates representing Shares will have been issued,

recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES OR CASH HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are not intended to replace any pension rights or compensation; (g) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer; and (h) in accepting this Award of Restricted Stock Units, Participant will be bound by any clawback policy that the Company may adopt in the future.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Shutterstock, Inc., 350 Fifth Avenue, 21st Floor, New York, NY 10118 or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Payment of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of any Shares issuable hereunder upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is

necessary or desirable as a condition to the payment of Shares to Participant (or his or her estate), such payment will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to pay any Shares pursuant to the Restricted Stock Units at any time if the payment of Shares violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the Restricted Stock Units or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the payment of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Restricted Stock Units or the Shares. Notwithstanding any provision herein, the Restricted Stock Units and any Shares and/or cash shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement may be made in the manner, and to the extent, set forth in the Plan.

20. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.*

For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

21. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Participant to provide such entity with certain information regarding the transaction.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

23. Governing Law. This Award Agreement will be governed by the laws of the State of New York, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the

jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of the County of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts.

24. Language clause. The parties hereto have expressly requested that this Agreement be drafted in English. *Les parties ont expressément convenu que cette entente soit rédigée en anglais.*

Schedule A

Automatic Sale Instructions

The undersigned hereby consents and agrees that any taxes due on a vesting date as a result of the vesting of Restricted Stock Units on such date shall be paid through an automatic sale of shares as follows:

(a) Upon any vesting of Restricted Stock Units pursuant to Section 3 or 4 hereof, the Company shall arrange for the sale of, such number of Shares issuable with respect to the Restricted Stock Units that vest pursuant to Section 3 or 4 as is sufficient to generate net proceeds sufficient to satisfy the Company's minimum statutory withholding obligations with respect to the income recognized by the Participant upon the vesting of the Restricted Stock Units (based on minimum statutory withholding rates for all tax purposes, including payroll and social security taxes, that are applicable to such income), and the Company shall retain such net proceeds in satisfaction of such tax withholding obligations.

(b) The Participant hereby appoints the [TITLE(S)] of the Company[, and either of them acting alone and with full power of substitution,] to serve as his or her attorneys in fact to sell the Participant's Shares in accordance with this Schedule A. The Participant agrees to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Schedule A.

(c) The Participant represents to the Company that, as of the date hereof, he or she is not aware of any material nonpublic information about the Company or the Shares. The Participant and the Company have structured this Agreement, including this Schedule A, to constitute a "binding contract" relating to the sale of Common Stock, consistent with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

The Company shall not deliver any Shares to the Participant, or otherwise settle the Award of Restricted Stock Units, until it is satisfied that all required withholdings have been made.

Participant Name:

Date:

SHUTTERSTOCK, INC.

2012 OMNIBUS EQUITY INCENTIVE PLAN

DEFERRED RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the capitalized terms used in this Deferred Restricted Stock Unit Award Agreement (the "**Award Agreement**") shall have the meanings ascribed to them in the Shutterstock, Inc. 2012 Omnibus Equity Incentive Plan (the "**Plan**").

I. NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant Name:

Address:

You have been granted an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Vesting Commencement Date

Number of Restricted Stock Units

Vesting Schedule

In the event Participant ceases to be a Service Provider (or gives or is given notice of such termination) for any or no reason before Participant vests in the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder, or the cash equivalent of all or some portion of such Shares, as determined by the Administrator in its sole discretion, will immediately terminate.

By Participant's signature and the signature of the representative of Shutterstock, Inc. (the "**Company**") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant (and any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the Participant's residence address.

By:

Signature

Print Name

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF DEFERRED RESTRICTED STOCK UNIT GRANT

1. **Grant.** The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the “***Participant***”) under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 18 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. **Company’s Obligation to Pay.**

(a) Each Restricted Stock Unit represents the right to receive a Share or the cash equivalent thereof, as determined by the Administrator in its sole discretion, following the date on which it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to settlement of any such Restricted Stock Units. Prior to actual settlement of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be settled in whole Shares, or the cash equivalent of some or all of such Shares, as determined by the Administrator in its sole discretion, subject to Participant satisfying any applicable tax withholding or other obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in Shares and/or cash, as determined by the Administrator, as soon as practicable (but not more than ninety (90) days) following the earlier of (i) the Participant’s separation from service (in accordance with Section 2(b)) or (ii) certain change in control transactions described in Section 2(c).

(b) In the event that the Participant incurs a separation from service (within the meaning of Code Section 409A) for any reason, including, but not limited to, death, Disability, or retirement, the vested Restricted Stock Units will be settled as soon as practicable (but not more than 90 days) following the date of such separation from service, except as provided by Section 4, and in each case subject to Section 7.

(c) In the event of a transaction or event that constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company (as determined in accordance with Section 409A(a)(2)(A)(v) of the U.S. Internal Revenue Code of 1986, as amended and Treasury Regulation Section 1.409A-3(i)(5)), the vested Restricted Stock Units will be settled as soon as practicable (but not more than 90 days) following the date of such transaction or event (subject to Section 7).

3. **Vesting Schedule.** Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

4. **Administrator Discretion.** The Administrator, in its discretion, may accelerate the vesting, but not the settlement date, of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if at the time of the Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the settlement of such accelerated Restricted Stock Units will not occur until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be settled in Shares and/or cash as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares and/or cash issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time notice is provided (whether by Participant or the Company or Parent or Subsidiary) of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares and/or cash hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Regardless of any action the Company or Participant's employer (the "**Employer**") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant, vesting or settlement of the Restricted Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends, if any ("**Tax-Related Items**"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including grant, vesting or settlement, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued and no cash will be paid to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the Restricted Stock Units.

The Participant acknowledges and agrees that the Company or an affiliate of the Company has the right to deduct from payments of any kind otherwise due to the Participant any national, state, local or other taxes of any kind required by law to be withheld for Tax-Related Items relating to the vesting or settlement of the Restricted Stock Units. At such time as the Participant is not aware of any material nonpublic information about the Company or the Shares, the Participant shall execute the instructions set forth in Schedule A attached hereto (the "**Automatic Sale Instructions**") as the means of satisfying the Tax-Related Items that the Company is required to withhold. If

the Participant does not execute the Automatic Sale Instructions prior to an applicable vesting or settlement date, then the Participant agrees that if under applicable law the Participant will owe taxes at such time on the portion of the Award then vested the Company shall be entitled to immediate payment, in cash or check, from the Participant of the amount of any tax required to be withheld by the Company. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares and/or cash thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until, and only to the extent that, certificates representing Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES OR CASH HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are not intended to replace any pension rights or compensation; (g) the Restricted Stock Units and the Shares and/or cash subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer; and (h) in accepting this Award of Restricted Stock Units, Participant will be bound by any clawback policy that the Company may adopt in the future.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Shutterstock, Inc., 350 Fifth Avenue, 21st Floor, New York, NY 10118 or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar

process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. **Binding Agreement.** Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. **Additional Conditions to Issuance of Stock.** If at any time the Company will determine, in its discretion, that the listing, registration or qualification of any Shares issuable hereunder upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to issue any Shares pursuant to the Restricted Stock Units at any time if the issuance of Shares violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant, vesting or settlement of the Restricted Stock Units or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Restricted Stock Units or the Shares. Notwithstanding any provision herein, the Restricted Stock Units and any Shares and/or cash shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

14. **Plan Governs.** This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. **Administrator Authority.** The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. **Electronic Delivery and Language.** The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other

document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement may be made in the manner, and to the extent, set forth in the Plan.

20. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.*

For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

21. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be

made through a locally authorized financial institution or registered foreign exchange agency and may require the Participant to provide such entity with certain information regarding the transaction.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

23. Unsecured Creditor. This grant of Restricted Stock Units represents an unfunded and unsecured promise to pay on behalf of the Company, which means that Participant is a general, unsecured creditor of the Company with respect to the Restricted Stock Units and the Restricted Stock Units are subject to the claims of the Company's creditors. If the Company's assets are insufficient to pay all of its creditors, the Participant may not receive all or part of the Restricted Stock Units.

24. Governing Law. This Award Agreement will be governed by the laws of the State of New York, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of the County of New York, New York, or the federal courts for the United States for the Southern District of New York, and no other courts.

Schedule A

Automatic Sale Instructions

The undersigned hereby consents and agrees that any taxes due on a vesting date or settlement date as a result of the vesting or settlement of Restricted Stock Units on such date shall be paid through an automatic sale of shares as follows:

(a) On such date as the Company has a withholding obligation with respect to the Award of Restricted Stock Units, the Company shall arrange for the sale of, such number of Shares issuable with respect to the Restricted Stock Units that are vested pursuant to Section 3 or 4 as is sufficient to generate net proceeds sufficient to satisfy the Company's minimum statutory withholding obligations with respect to the income recognized by the Participant upon the settlement of the Restricted Stock Units (based on minimum statutory withholding rates for all tax purposes, including payroll and social security taxes, that are applicable to such income), and the Company shall retain such net proceeds in satisfaction of such tax withholding obligations.

(b) The Participant hereby appoints the [TITLE(S)] of the Company[, and either of them acting alone and with full power of substitution,] to serve as his or her attorneys in fact to sell the Participant's Shares in accordance with this Schedule A. The Participant agrees to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Schedule A.

(c) The Participant represents to the Company that, as of the date hereof, he or she is not aware of any material nonpublic information about the Company or the Shares. The Participant and the Company have structured this Agreement, including this Schedule A, to constitute a "binding contract" relating to the sale of Common Stock, consistent with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

The Company shall not deliver any Shares to the Participant, or otherwise settle the Award of Restricted Stock Units, until it is satisfied that all required withholdings have been made.

Participant Name:

Date:

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Oringer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shutterstock, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2016

By: /s/ Jonathan Oringer

Jonathan Oringer
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven Berns, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shutterstock, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2016

By: /s/ Steven Berns

Steven Berns

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Shutterstock, Inc., for the quarterly period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Oringer, as Chief Executive Officer of Shutterstock, Inc., hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Shutterstock, Inc.

Date: May 4, 2016

By: /s/ Jonathan Oringer

Jonathan Oringer
Chief Executive Officer
(Principal Executive Officer)

In connection with the Quarterly Report on Form 10-Q of Shutterstock, Inc., for the quarterly period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Berns, as Chief Financial Officer of Shutterstock, Inc., hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Shutterstock, Inc.

Date: May 4, 2016

By: /s/ Steven Berns

Steven Berns
Chief Financial Officer
(Principal Financial and Accounting Officer)