The Lifecycle of a Butterfly There are four stages in the lifecycle of a butterfly. 1. Where does the caterpillar live before and after it hatches? The first stage is the egg, which was laid on a leaf. A tiny caterpillar grows inside the egg. When it is ready, the caterpillar hatches. It eats the leaf as fast as it can and grows quickly. Its skin does 2. What is unusual about the caterpillar's skin, and why? not stretch, though, so it grows new ones and sheds the old ones. When it stops growing, the caterpillar turns into a chrysalis. A chrysalis is like a tiny hard case 3. What must the caterpillar do before the cycle can begin again, and where does it do it? hanging from a tree. Inside, the caterpillar turns into a butterfly. Finally, the butterfly breaks out of the chrysalis. It flies away to find a mate and reproduces. The butterfly lays its eggs and the cycle begins again.