1·800·FLOWERS.COM, INC.

2008 Annual Report

Pick the best. We always do.

Special Bonus

2009 Desk Diary & Gift Planner

ABOUT 1-800-FLOWERS.COM, Inc.

1-800-FLOWERS.COM, Inc. is the world's leading florist and gift shop. For more than 30 years, 1-800-FLOWERS.COM, Inc. has been providing customers with fresh flowers and the finest selection of plants, gift baskets, gourmet foods, confections, balloons and plush stuffed animals perfect for every occasion. One of the top 50 online retailers by Internet Retailer, as well as 2008 Laureate Honoree by the Computerworld Honors Program and the recipient of ICMI's 2006 Global Call Center of the Year Award, 1-800-FLOWERS.COM® (1-800-356-9377 or www.1800flowers.com) offers the best of both worlds: exquisite arrangements created by some of the nation's top floral artists and hand-delivered the same day, and spectacular flowers shipped overnight "Fresh From Our Growers.®" As always, 100% satisfaction and freshness are guaranteed. The Company's BloomNet® (www.mybloomnet.net) international floral wire service provides a broad range of quality products and value-added services designed to help professional florists grow their businesses profitably. The 1-800-FLOWERS.COM, Inc. "Gift Shop" also includes gourmet gifts such as popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); exceptional cookies and baked gifts from Cheryl&Co.® (1-800-443-8124 or www.cherylandco.com); premium chocolates and confections from Fannie May Confections Brands (www.fanniemay.com and www.harrylondon.com); gourmet foods from Greatfood.com® (www.greatfood.com); wine gifts from Ambrosia® (www.ambrosia.com); gift baskets from 1-800-BASKETS.COM® (www.1800baskets.com) and DesignPac Gifts℠ (www.designpac.com) as well as Home Decor and Children's Gifts from Plow & Hearth® (1-800-627-1712 or www.plowandhearth.com), Wind & Weather® (www.windandweather.com), HearthSong® (www.hearthsong.com) and Magic Cabin® (www.magiccabin.com). 1-800-FLOWERS.COM, Inc. stock is traded on the NASDAQ Global Select Market under ticker symbol FLWS.

BEST-IN-CLASS BUSINESS PARTNERS

Our tag line, "Pick the best, We always do" refers to the great products and services that we choose every day to help our customers connect and express themselves to the important people in their lives. It also applies to the best-in-class partners that we work with every day to help us enhance our performance in everything we do...from customer knowledge software, to creating a superior online shopping experience, to optimizing our internal financial reporting and database management capabilities. Among the "best of the best" of these business partners are:

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

A number of statements contained in this report, other than statements of historical fact, are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements. These risks and uncertainties include, but are not limited to: the Company's ability to achieve cost efficient growth; its ability to maintain and enhance its online shopping web sites to attract customers; its ability to successfully introduce new products and product categories; its ability to maintain and enhance profit margins for its various products; its ability to provide timely fulfillment of customer orders; its ability to cost effectively acquire and retain customers; its ability to continue growing revenues; its ability to compete against existing and new competitors; its ability to manage expenses associated with necessary general and administrative and technology investments; its ability to cost effectively manage inventories; its ability to improve its bottom line results; its ability to leverage its operating infrastructure; its ability to achieve its stated results guidance for fiscal 2009 and general consumer sentiment and economic conditions that may affect levels of discretionary customer purchases of the Company's products. For a more detailed description of these and other risk factors, please refer to the Company's SEC filings including the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company expressly disclaims any intent or obligation to update any of the forward looking statements made in this report or in any of its SEC filings except as may be otherwise stated by the Company.

FINANCIAL HIGHLIGHTS

	Years Ended				
	JUNE 29, **2008**	JULY 1, **2007**	JULY 2, **2006**	JULY 3, **2005**	JUNE 27, **2004**
	(in millions, except percentages and per share data)				
Total Net Revenues	$919.4	$912.6	$781.7	$670.7	$604.0
Gross Profit Margin	42.8%	43.0%	41.7%	41.1%	41.9%
Operating Expense Ratio	36.5%	37.2%	38.8%	37.2%	35.8%
EBITDA[1]	$ 61.6	$ 57.4	$ 26.7	$ 26.4	$ 36.4
EPS (GAAP)	$ 0.32	$ 0.26	$ 0.05	$ 0.12	$ 0.60[2]

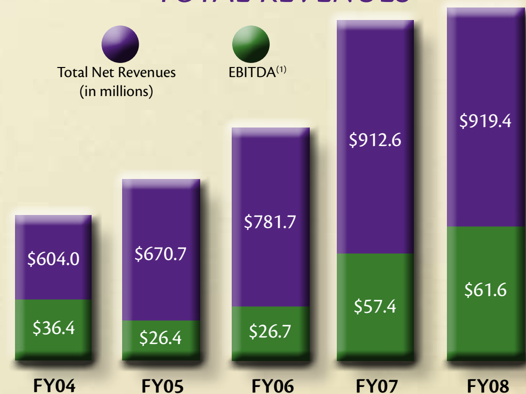
(1) Earnings Before Interest, Taxes, Depreciation and Amortization, excludes accounting for effect of stock-based compensation. A reconciliation of EBITDA to net income, including accounting for the effect of stock-based compensation, is included as part of the enclosed Financial Section.

(2) For the year ended June 27, 2004, EPS included a net income tax benefit of $19.2 million, or $0.28 per share and was prior to the adoption of FASB 123R.

FISCAL 2008 ACHIEVEMENTS

- Grew EPS 23 percent to $0.32 per diluted share
- Grew EBITDA[1] 9.3 percent to $61.6 million
- Reduced Operating Expense Ratio 70 basis points to 36.5%
- Grew Free Cash Flow[3] 166 percent to $38 million
- Acquired DesignPac Gifts LLC for $38 million, increasing Company's Gourmet Food and Gift Baskets total annual revenue run rate to more than $250 million

TOTAL REVENUES

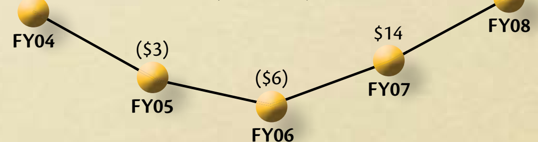


FINANCIAL REPORT INSERT

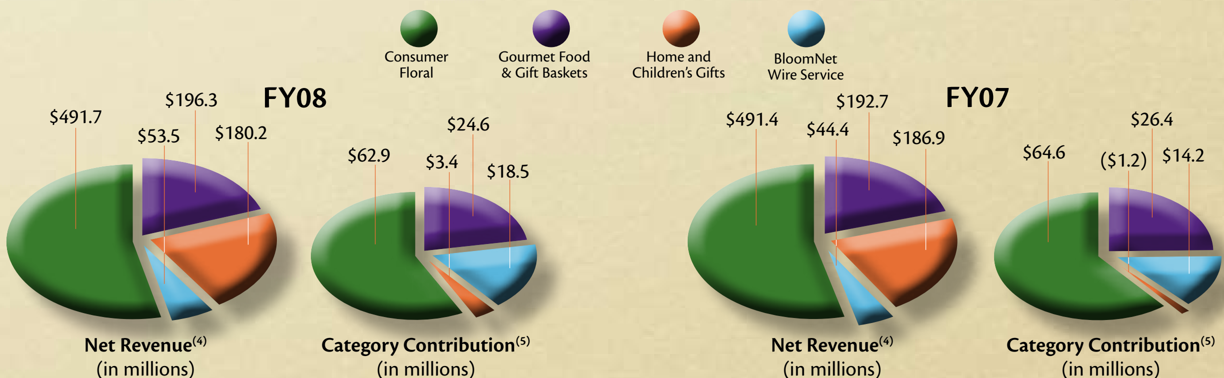
See inside rear cover pocket

FREE CASH FLOW[3]

(in millions)



CATEGORY RESULTS



Net Revenue[4] (in millions) — **Category Contribution**[5] (in millions) — **Net Revenue**[4] (in millions) — **Category Contribution**[5] (in millions)

(3) The Company calculates Free Cash Flow as net cash provided by operating activities less capital expenditures.

(4) Excludes intercompany eliminations.

(5) The Company defines Category Contribution as earnings before interest, taxes, depreciation and amortization and before allocation of corporate overhead expenses, including accounting for the effect of stock-based compensation.

TO OUR SHAREHOLDERS

Our mission is to help our customers connect and express themselves to the important people in their lives. A key element in achieving this goal is "knowing our customer" – understanding their needs, their personalities and their interests – and tailoring our marketing messages and merchandising programs accordingly. This focus, combined with the strength of our brand, enabled us to attract more than 3.4 million new customers in fiscal 2008, with the vast majority coming to us online. For the year, some seven million e-commerce customers placed orders across all of our gift brands, with approximately 50 percent of them repeat customers. This illustrates our ability to deepen our relationship with our existing customers and become their trusted source for all of their gifting and connective occasions.

DRIVING STRONG BOTTOM-LINE RESULTS

During fiscal 2008 we increased our net income and earnings per share by 23 percent to $21 million, or $0.32 per share; grew EBITDA approximately 10 percent to $62 million and we generated approximately $38 million in free cash flow. These strong bottom-line results were achieved despite the challenging economic environment that impacted consumer demand and restricted top-line growth throughout the year. We accomplished this by focusing on the key strategic priorities that we have outlined in the past, including:

- Leveraging the strength of our brand to deepen our relationship with our millions of customers as their preferred florist and gift shop;
- Seeking profitable revenue growth by targeting our marketing and merchandising investments in these areas on our key business categories; and
- Enhancing our operating expense ratio by leveraging our business platform.

LEVERAGING OUR BUSINESS PLATFORM

As we continue to grow our business, we are able to leverage our platform to obtain lower rates for services such as telecommunications, insurance and printing. These efforts, combined with our strategy to deploy our marketing investments to areas that provide the best returns, such as email and online search, have enabled us to lower the operating cost platform of our business. As a result, during fiscal 2008, we reduced our operating expense ratio by 70 basis points to 36.5 percent. This was in addition to the 160 basis point improvement we achieved in fiscal 2007.

This positive trend illustrates the effectiveness of the broad range of initiatives we have underway to improve our operating efficiency and reduce costs. During fiscal 2008, these initiatives included the expansion of our Home Agent Network (HAN) program through which we are supplementing our service platform with home agents. This effort not only reduces the need for fixed facilities, but also enhances agent retention by eliminating their commuting costs and allowing for more flexible work schedules.

FLORAL CATEGORY LEADERSHIP

In our core consumer floral business, we continued to build our market leadership position through innovative marketing and merchandising programs. One such initiative, our Fresh Rewards Loyalty Program, the industry's first and only loyalty program, ranks among our most successful to date. During fiscal 2008, we expanded this program adding new features and functionality. As a result, the program continued to attract millions of existing and new customers who tend to purchase more frequently and at a higher average order value.

Importantly, the Fresh Rewards Loyalty Program enables us to deepen our relationship with our customers and introduce them to the broad range of products in our florist and gift shop – from exclusive, signature floral arrangements, such as the highly successful Happy Hour Collection™ (including the hot Happy Hour Minis™ introduced in fiscal 2008), to the new "Everything Cupcake" line, launched in fiscal 2009, featuring the whimsical Cupcakes in Bloom™ fresh floral arrangement, as well as butter-cream frosted edible cupcakes, perfect for any celebration.

Another key program is our exclusive partnership with Martha Stewart Living Omnimedia, which we introduced at the end of fiscal 2008. This innovative relationship allows us to leverage the best of both brands – lifestyle icon Martha Stewart's unparalleled design talent with 1-800-FLOWERS.COM's market leadership position. Martha gives us differentiation and a competitive advantage which, we believe, will enable us to grow revenues, even in the current economy. We are very excited about our plans to expand this program throughout fiscal 2009, beginning with a stepped up media program utilizing both our own marketing programs as well as the powerful Martha Stewart media properties.

BLOOMNET A GROWTH "CATALYST"

The BloomNet Wire Service business continues to be a "catalyst" for both top and bottom line growth. Throughout fiscal 2008, BloomNet continued to grow its market share by establishing itself as the industry's leading innovator. The introduction of our Digital Directory – the industry's first and only online florist resource – has been very successful, with thousands of florists adopting the new technology as they join the digital age. In addition, many of these florists are also opting into BloomNet's industry-leading "green" effort by joining the "Florists for Forests" program. This program allows florists to help the environment by eliminating the need for a paper-based directory and, in return, have BloomNet plant trees on their behalf. BloomNet also achieved increased market penetration for its suite of technology services, including web-site hosting and retail store management systems. More and more florists are choosing BloomNet – and its superior value proposition – as their preferred wire service.

On the product front, we accelerated BloomNet's growth outlook through a small asset acquisition in July. These assets complement BloomNet's existing product offering and enable us to expand and deepen our relationships with our florists by helping them not just survive, but to thrive – even in a challenging economic environment. The combination of these assets, and the resulting sales synergies should increase BloomNet's revenue growth rate during fiscal 2009 to more than double the 20 percent level achieved in fiscal 2008. Based on the wholesale nature of the product offering, gross margin and contribution margin percent will be reduced. However, we expect gross margin dollars and contribution margin dollars will increase throughout fiscal 2009 as a result of the anticipated strong revenue growth.

BECOMING A LEADING PLAYER IN GOURMET FOOD AND GIFT BASKETS

Through a combination of strategic acquisitions and organic initiatives, our Gourmet Foods and Gift Baskets category has become a key growth area for us. Through brands that resonate with our customers,

such as Fannie May Confections, Cheryl&Co. bakery gifts, and The Popcorn Factory, we are fast becoming a leading player in this highly fragmented $16 billion dollar gift category. During fiscal 2008 we expanded our offerings with new product launches and increased customization capabilities at Fannie May, Cheryl&Co. and The Popcorn Factory. While overall revenue growth in the category was impacted by slower wholesale business, the new ecommerce capabilities that we have created for these brands continued to grow steadily.

During the fourth quarter of fiscal 2008, we announced the acquisition of DesignPac Gifts, a leading designer and assembler of gourmet gift baskets, gourmet food gift towers and gift sets. DesignPac brings proven capabilities and experience in the design, sourcing, production and distribution of gift baskets and gift sets, as well as strong relationships with many of the leading retailers throughout the country. We look forward to leveraging these capabilities and relationships to significantly boost our nascent 1-800Baskets.com brand as well as enhance the growth and profitability of all our gourmet gift brands during fiscal 2009 and in the years ahead.

BOTTOM-LINE IMPROVEMENTS IN HOME AND CHILDREN'S GIFTS

As our guidance at the beginning of the year indicated, throughout fiscal 2008 we focused our efforts in this category on managing the business for improved bottom-line performance. During the year, we discontinued two underperforming titles; we further strengthened the management team, particularly in the areas of sourcing and logistics; we revised catalog circulation and marketing programs; and we stepped up new product development and sourcing efforts with a focus on unique, proprietary gifts. As a result, category contribution improved almost $5 million to a profit of $3.4 million, compared with a loss of more than $1 million in fiscal 2007. While the home décor category has been hit particularly hard by the macro economy during the past several years, we believe the changes that we have made in this business will enable us to continue to improve the performance of this segment in fiscal 2009 and beyond.

CORPORATE SOCIAL RESPONSIBILITY

Our company has long been involved in a broad range of corporate social responsibility initiatives including continuous expansion and enhancement of environmentally-friendly "green" programs, philanthropic and charitable efforts and special private-sector skills training programs for military veterans. Throughout fiscal 2008 we built upon these efforts, launching new programs such as our electronics recycling drive in our 1-800-FLOWERS.COM consumer floral business and the WineTasting Network's successful initiative to convert its packaging from Styrofoam to "earth friendly" corrugated/pulp materials. Our most ambitious efforts involve planting trees – ultimately millions of them in fact, all over the country through BloomNet's Florists for Forests program and Plow & Hearth's Campaign to Reforest America, among others. All of these programs are designed to involve both our associates and our customers in ways that help deepen our relationships and grow our business using environmentally sustainable and socially responsible business practices.

POSITIONED WELL IN A CHALLENGING ENVIRONMENT

In the first half of fiscal 2008, when we saw the consumer begin to pull back, we responded quickly in our planning and execution. We adjusted spending appropriately and thereby delivered strong bottom-line growth, despite the challenged top-line. As we look ahead into fiscal 2009, we believe our proven ability to leverage our business platform to reduce operating expense ratio, positions us well to achieve continued double-digit growth in our EBITDA, EPS and Free Cash Flow even in an uncertain economic environment.

In terms of revenue growth for fiscal 2009, we believe that the guidance we have provided is prudent in the face of increasingly cautious consumer spending. We expect to grow our revenues through a combination of contributions from our recent acquisitions as well as organic initiatives, including:

- The full-year benefit from the exclusive relationship with Martha Stewart Living Omnimedia for both 1-800-FLOWERS.COM and BloomNet;
- BloomNet's expanded products and services offerings designed to deepen our relationship with florists and increase market share gains;
- Continued strong ecommerce-channel growth, new web sites and product launches and expanded customization capabilities in our Gourmet Food and Gift Baskets businesses;
- And expansion of our Enterprise Customer Value (ECV) efforts, including cross-marketing and merchandising efforts across all of our brands.

We expect to further improve our operating expense ratio by approximately 50-to-100 basis points while concurrently increasing gross profit margin in most of our businesses through a combination of sourcing, product mix and pricing initiatives. On a consolidated basis, we have planned for a slightly lower gross profit margin percentage in fiscal 2009, reflecting the wholesale gross profit margin percentage associated with our recent acquisitions. However, it is important to note that these businesses have relatively lower operating expenses and, as a result, we expect them to be nicely accretive to our EBITDA and EPS for the year.

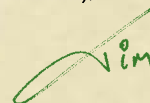
Furthermore, we believe that in challenging times strong companies like ours often have the opportunity to grow their business strategically and emerge with a larger and stronger business platform. Toward this end, we have a strong balance sheet and excellent liquidity that we further strengthened through an expansion of our bank credit facility completed at the beginning of the current fiscal year. Our new credit facility expands our borrowing capacity by $150 million to $293 million.

Our strong balance sheet, combined with our growing free cash flow generation, positions us well to continue to make the investments in our business that drive both near-term and long-term growth.

- Our $20 million in Capital Expenditures enables us to upgrade and expand our technology platform to enhance our customers' experience;
- Our liquidity enables us to make smart, accretive acquisitions, as we have in the past, that enhance our revenue growth opportunities as well as our profitability;
- Our product development efforts continue to expand our offerings for our customers and thereby deepen those relationships; and
- Our targeted marketing programs enable us to cost efficiently attract millions of new customers while deepening our relationships with our existing customer base.

We believe these efforts will enable us to continue to grow our business profitably and build long-term shareholder value. We thank all of our stakeholders for their continued support.

Sincerely,



Jim McCann
Chairman and CEO

Chris McCann
President

January/09

Customer Service Platform. *During fiscal 2008, 1-800-FLOWERS.COM continued to evolve its customer service initiatives, increasingly shifting toward a network of home-based agents. This strategy enables the recruitment and retention of the best people – highly skilled professionals who are eager to join the Company and gain the flexibility of working at home. Utilizing sophisticated call routing technologies to assist customers, home agents are integral in boosting customer satisfaction and repeat business. Furthermore, 1-800-FLOWERS.COM is able to cost effectively scale up the number of agents for peak holidays.*

SUNDAY	MONDAY	TUESDAY
4	5	6
11	12	13
18	19 *Martin Luther King Jr.'s Birthday (observed)*	20
25	26	27

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 *New Year's Day*	2	3
7	8	9	10
14	15	16	17
21	22	23	24
28	29	30	31

February/09

Products.

In addition to picking the best products to help their customers connect and express themselves to the important people in their lives, 1-800-FLOWERS.COM has also picked the best products and services to provide to its retail florist customers – members of the BloomNet wire service network. Through a combination of internal development and a small acquisition, BloomNet has expanded its line of distinctive ceramic and glass vases – and simultaneously created new sales opportunities for BloomNet Florists. The BloomNet product line also includes a broad range of plush animals and gourmet food gift items. BloomNet Florists can even benefit from 1-800-FLOWERS.COM's buying scale through access to unique floral varieties.

SUNDAY	MONDAY	TUESDAY
1	2 Groundhog Day	3
8	9	10
15	16 Presidents' Day	17
22	23	24

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5	6	7
11	12	13	14 *Valentine's Day*
18	19	20	21
25	26	27	28

March/09

Design Partners.

In fiscal 2008, the Company entered into a partnership with Martha Stewart, creating the exclusive "Martha Stewart for 1-800-Flowers.com Boutique." Included in the new product line is a collection of some of the most innovative gift items on everyone's list, such as stunning floral arrangements in exclusive containers and delectable Martha Stewart gourmet gift baskets. The addition of this exciting new product line to the 1-800-FLOWERS.COM family of brands deepens the Company's commitment to customers by offering gifts personally inspired by Martha and designed to make every occasion special.

SUNDAY	MONDAY	TUESDAY
1	2	3
8	9	10
15	16	17 St. Patrick's Day
22	23	24
29	30	31

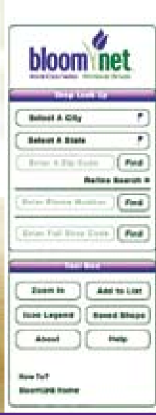
WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5	6	7
11	12	13	14
18	19	20 *First Day of Spring*	21
25	26	27	28

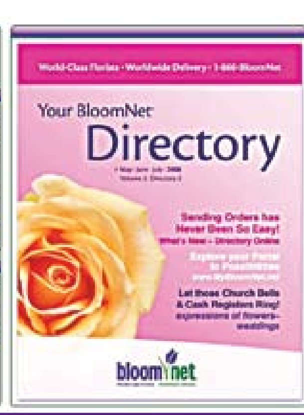
April/09

BloomNet Technologies.

As a leading wire service provider, BloomNet offers its florist members a wide array of best-in-class advanced technology solutions designed to grow their profits. Among the many technologies that were expanded upon in fiscal 2008 is BloomNet's Directory Online, the floral industry's first and only digital directory – giving florists the ease of clicking a mouse to search and select the best qualified florists to fulfill orders anywhere in the country. BloomNet also provides florists with many other profit-building technologies including website hosting, email marketing, point of sale systems, and electronic mapping tools to enhance deliveries.

SUNDAY	MONDAY	TUESDAY
5	6	7
12 *Easter*	13	14
19	20 *Administrative Professionals' Week Begins*	21
26	27	28





WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1 *April Fool's Day*	2	3	4
8 *Passover Begins at Sunset*	9	10	11
15	16	17	18
22 *Administrative Professionals' Day*	23	24	25
29	30		

May/09

Product Sourcing.

1-800-FLOWERS.COM sources the best products from around the world. Key to this effort, and instrumental in designing gift ideas that help the Company's customers connect with the important people in their lives, are the ingredients that go into those products. In the case of floral gifts, whether florist-fulfilled or direct ship, 1-800-FLOWERS.COM works closely with the finest farms in South and Central America, South Africa, Holland and the U.S. And when it comes to gourmet food, top quality ingredients include rich cocoa from Africa and delicious Georgia pecans, and so much more.

SUNDAY	MONDAY	TUESDAY
3	4	5 *Cinco de Mayo*
10 *Mother's Day*	11	12
17	18	19
24 / 31	25 *Memorial Day (observed)*	26

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1 *National Bring Your Mom to Work Day*	2
6	7	8	9
13	14	15	16
20	21	22	23
27	28	29	30

June/09

Corporate Social Responsibility Programs.

Expansion of environmentally-friendly "green" initiatives, along with enhancement of philanthropic and charitable efforts, is a top priority at 1-800-FLOWERS.COM. In fiscal 2008, the Company continued its dedication to implementing the best corporate social responsibility programs. Among these is a partnership between Plow & Hearth® and the National Forest Foundation to help restore natural habitats lost to forest fires and the effects of modern civilization. Through the "Campaign to Reforest America," Plow & Hearth is donating one tree for every customer order with a goal of 1 million trees.

SUNDAY	MONDAY	TUESDAY
	1	2
7	8	9
14 *Flag Day*	15	16
21 *Father's Day* *First Day of Summer*	22	23
28	29	30

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
3	4	5	6
10	11	12	13
17	18	19	20
24	25	26	27

July/09

Technology Partners.
1-800-FLOWERS.COM is collaborating with IBM to implement a new e-commerce platform called "Fresh Digital." The robust and highly scalable platform is built upon IBM's industry-best Websphere Commerce technology. Slated for launch in fiscal 2009, Fresh Digital will enable all gift brands to efficiently share customer data, shopping cart information and other aspects of e-commerce from a common platform. By taking full advantage of the R&D resources of IBM and other top technology partners, 1-800-FLOWERS.COM is able to optimize the investments it makes in technology both immediately and in the future.

SUNDAY	MONDAY	TUESDAY
5	6	7
12	13	14 *Bastille Day*
19	20	21
26 *Parents' Day*	27	28

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4 *Independence Day*
8	9	10	11
15	16	17	18
22	23	24	25
29	30	31	

August/09

New Product Ideas.

Innovative design is a benchmark of the 1-800-FLOWERS.COM gift offering. Exemplifying this are enticing food items from Cheryl&Co.® and clever educational gifts from HearthSong®. In early fiscal 2009, the Company introduced Everything Cupcake™, a new and unique collection of floral and edible cupcakes created as a perfect way for customers to connect with that special someone. Included in the new line is Cupcake in Bloom™, a whimsical floral cupcake made of carnations set in a ceramic wrapper, topped with a candle and highlighted by a "Celebrate!" flag.

SUNDAY	MONDAY	TUESDAY
2	3	4
9	10 *National Friendship Week Begins*	11
16	17	18
23 / 30	24 / 31	25

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1
5	6	7	8
12	13	14	15
19	20	21	22
26	27	28	29

September/09

BloomNet Florists.
The BloomNet wire service widened its reach during fiscal 2008, continuing to attract the best professional florists from all over the United States and beyond. Among these florists are several of the largest in North America – such as Ashland Addison of Chicago, Illinois, Mancuso's Florist of Saint Clair Shores, Michigan and Field of Flowers of Davie, Florida. Helping to spearhead the growth of BloomNet are industry-leading quality and service standards. Also a vital part of BloomNet's value proposition for retail florists is the development of a "BloomNet Community" that provides floral design expertise, training and many other benefits.

SUNDAY	MONDAY	TUESDAY
		1
6	7 *Labor Day*	8
13 *Grandparents' Day*	14	15
20	21	22 *First Day of Fall*
27 *Yom Kippur Begins at Sunset*	28	29

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5
9	10	11 *Patriot Day*	12
16	17	18 *Rosh Hashanah Begins at Sunset*	19
23	24	25	26
30			

October/09

Merchandising Programs.

1-800-FLOWERS.COM offers an extensive variety of unique gift ideas and signature products that make it easy for customers to express themselves in creative ways. In fiscal 2008, the Company broadened its personalization efforts – including easy photo uploads, customized ribbons and special packaging options – to help customers convey their sentiments more thoughtfully. New and expanding personalization possibilities are available from The Popcorn Factory®, Cheryl&Co.®, Fannie May® and other brands, enabling customers to tailor the look of their gifts and the messages accompanying them.

SUNDAY	MONDAY	TUESDAY
4	5	6
11 *National Children's Day*	12 *Columbus Day (observed)*	13
18	19	20
25	26	27

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3
7	8	9	10
14	15	16 *National Bosses' Day*	17 *Sweetest Day*
21	22	23	24
28	29	30	31 *Halloween*

November/09

Product Design.

The process of creating thoughtful gifts for all occasions is a driving force behind the success of 1-800-FLOWERS.COM. During fiscal 2008, the Company further enhanced its gourmet food and gift basket design capabilities for all its brands with the acquisition of DesignPac Gifts, a leading designer and assembler of gourmet gift baskets, gourmet food gift towers and gift sets. Also a highly important part of 1-800-FLOWERS.COM's product design initiatives are the talents of expert floral designers such as Preston Bailey, Jane Carroll, Julie Mulligan and Jane Packer who create one-of-a-kind handcrafted arrangements.

SUNDAY	MONDAY	TUESDAY
1	2	3 *Election Day*
8	9	10
15	16	17
22	23	24
29	30	

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5	6	7
11 *Veteran's Day*	12	13	14
18	19	20	21
25	26 *Thanksgiving Day*	27	28

December/09

Customer Engagement Programs.

Keeping loyal customers happy and stimulating repeat purchases are two reasons why 1-800-FLOWERS.COM has grown its business year after year. The Company's "Fresh Rewards®" loyalty program, which includes more than a million customers, lets members earn points toward gift certificates when they make purchases. Another customer engagement program, scheduled to be launched in fiscal 2009, will involve gift cards that customers can use enterprise-wide to purchase gifts from any of 1-800-FLOWERS.COM's family of brands. The gift cards can be conveniently used online, in-store or when ordering by phone.

SUNDAY	MONDAY	TUESDAY
		1
6	7	8
13	14	15
20	21 *First Day of Winter*	22
27	28	29

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5
9	10	11 *Hanukkah Begins at Sunset*	12
16	17	18	19
23	24	25 *Christmas Day*	26 *First Day of Kwanzaa*
30	31		

BOARD OF DIRECTORS

James F. McCann
Chairman and Chief
Executive Officer
1-800-FLOWERS.COM

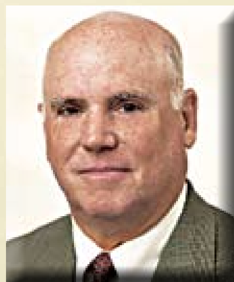
Christopher G. McCann
President
1-800-FLOWERS.COM

Jan Murley
Interim President
Consumer Floral Brand
1-800-FLOWERS.COM

Jeffrey C. Walker
Chairman
Millennium Partners

James A. Cannivino
Chairman & CEO
Direct Insite, Inc.

Leonard J. Elmore
Partner
Dreier, LLP


John J. Conefry
Vice Chairman
Astoria Financial Corporation

Lawrence V. Calcano
Chief Executive Officer
Calcano Capital Advisors

CORPORATE OFFICERS

James F. McCann
Chairman and Chief Executive Officer
1-800-FLOWERS.COM

Christopher G. McCann
President
1-800-FLOWERS.COM

William E. Shea
Senior Vice President,
Treasurer and Chief Financial Officer
1-800-FLOWERS.COM

Gerard M. Gallagher
Senior Vice President of Business Affairs,
General Counsel and Corporate Secretary
1-800-FLOWERS.COM

Stephen Bozzo
Senior Vice President,
Chief Information Officer
1-800-FLOWERS.COM

Timothy J. Hopkins
President
Madison Brands
1-800-FLOWERS.COM

David Taiclet
President
Gourmet Food & Gift Baskets
1-800-FLOWERS.COM

Fiscal Year 2008

Financial Report

1·800·FLOWERS.COM, INC.

Selected Financial Data

1-800-FLOWERS.COM, Inc. and Subsidiaries

The following tables summarize the Company's consolidated statement of income and balance sheet data. The Company acquired DesignPac Gifts, LLC in April 2008, Fannie May Confections Brands, Inc. in May 2006, Wind & Weather in October 2005, Cheryl & Co. in March 2005 and The Winetasting Network in November 2004. The following financial data reflects the results of operations of these subsidiaries since their respective dates of acquisition. This information should be read together with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes to those statements included elsewhere in this Annual Report.

	Years Ended (1), (2)				
	June 29, 2008	July 1, 2007	July 2, 2006	July 3, 2005	June 27, 2004
	(in thousands, except per share data)				
Consolidated Statement of Income Data:					
Net revenues:					
E-commerce	**$749,857**	$749,238	$706,001	$620,831	$570,509
Other	**169,535**	163,360	75,740	49,848	33,469
Total net revenues	**919,392**	912,598	781,741	670,679	603,978
Cost of revenues	**525,638**	520,132	456,097	395,028	351,111
Gross profit	**393,754**	392,466	325,644	275,651	252,867
Operating expenses:					
Marketing and sales	**256,604**	262,303	239,573	198,935	172,251
Technology and development	**21,539**	21,316	19,819	14,757	13,799
General and administrative	**57,881**	56,017	43,978	35,572	30,415
Depreciation and amortization	**20,363**	17,837	15,765	14,489	14,992
Total operating expenses	**356,387**	357,473	319,135	263,753	231,457
Operating income	**37,367**	34,993	6,509	11,898	21,410
Other income (expense), net	**(3,997)**	(5,984)	(141)	1,349	320
Income before income taxes	**33,370**	29,009	6,368	13,247	21,730
Income tax expense (benefit)	**12,316**	11,891	3,181	5,398	(19,174)
Net income	**$ 21,054**	$ 17,118	$ 3,187	$ 7,849	$ 40,904
Net income per common share:					
Basic	**$ 0.33**	$ 0.27	$ 0.05	$ 0.12	$ 0.62
Diluted	**$ 0.32**	$ 0.26	$ 0.05	$ 0.12	$ 0.60
Shares used in the calculation of net income per common share:					
Basic	**63,074**	63,786	65,100	66,038	65,959
Diluted	**65,458**	65,526	66,429	67,402	68,165

Note (1): The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal years ended June 29, 2008, July 1, 2007, July 2, 2006 and June 27, 2004 consisted of 52 weeks, while the fiscal years ended July 3, 2005 consisted of 53 weeks.

Note (2): Effective July 4, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123(R) using the modified prospective application method.

	As of				
	June 29, 2008	July 1, 2007	July 2, 2006	July 3, 2005	June 27, 2004
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and equivalents and short-term investments	**$ 12,124**	$ 16,087	$ 24,599	$ 46,608	$103,374
Working capital	**33,416**	51,419	44,250	44,739	83,704
Investments-non current	**—**	—	—	—	8,260
Total assets	**371,338**	352,507	346,634	251,952	261,552
Long-term liabilities	**63,739**	78,911	79,221	5,281	8,874
Total stockholders' equity	**231,465**	201,031	193,183	186,334	186,390

Overview

1-800-FLOWERS.COM, Inc. is the world's leading florist and gift shop. For more than 30 years, 1-800-FLOWERS.COM, Inc. has been providing customers with fresh flowers and the finest selection of plants, gift baskets, gourmet foods, confections, balloons and plush stuffed animals perfect for every occasion. 1-800-FLOWERS.COM® (1-800-356-9377 or www.1800flowers.com), was named as one of the top 50 online retailers by *Internet Retailer*, as well as 2008 Laureate Honoree by the Computerworld Honors Program and the recipient of ICMI's 2006 Global Call Center of the Year Award. 1-800-FLOWERS.COM offers the best of both worlds: exquisite arrangements created by some of the nation's top floral artists and hand-delivered the same day, and spectacular flowers shipped overnight under our Fresh From Our Growers® program. As always, 100% satisfaction and freshness are guaranteed. The Company's BloomNet® international floral wire service (www.mybloomnet.net) provides a broad range of quality products and value-added services designed to help professional florists grow their businesses profitably.

The 1-800-FLOWERS.COM, Inc. "Gift Shop" also includes gourmet gifts such as popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); cookies and baked gifts from Cheryl&Co.® (1-800-443-8124 or www.cherylandco.com); premium chocolates and confections from Fannie May Confections Brands® (www.fanniemay.com and www.harrylondon.com); gourmet foods from Greatfood.com® (www.greatfood.com); wine gifts from Ambrosia® (www.ambrosia.com or www.winetasting.com); gift baskets from 1-800-BASKETS.COM® (www.1800baskets.com) and DesignPac Gifts™ (www.designpac.com) as well as Home Decor and Children's Gifts from Plow & Hearth® (1-800-627-1712 or www.plowandhearth.com), Wind & Weather® (www.windandweather.com), HearthSong® (www.hearthsong.com) and Magic Cabin® (www.magiccabin.com).

Shares in 1-800-FLOWERS.COM, Inc. are traded on the NASDAQ Global Select Market under ticker symbol FLWS.

Category Information

During the first quarter of fiscal 2007, the Company segmented its organization to improve execution and customer focus and to align its resources to meet the demands of the markets it serves. The following table presents the contribution of net revenues, gross profit and "EBITDA" (earnings before interest, taxes, depreciation and amortization) from each of the Company's business categories.

Net Revenues

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
			(in thousands)		
Net revenues:					
1-800-Flowers.com Consumer Floral	**$491,696**	0.1%	$491,404	8.7%	$452,188
BloomNet Wire Service	**53,488**	20.5%	44,379	48.5%	29,884
Gourmet Food & Gift Baskets	**196,298**	1.9%	192,698	83.5%	105,002
Home & Children's Gifts	**180,181**	(3.6%)	186,948	(5.1%)	196,919
Corporate(*)	**2,431**	47.2%	1,652	19.0%	1,388
Intercompany Eliminations	**(4,702)**	(4.9%)	(4,483)	(23.2%)	(3,640)
Total net revenues	**$919,392**	0.7%	$912,598	16.7%	$781,741

Gross Profit

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
			(in thousands)		
Gross profit:					
1-800-Flowers.com Consumer Floral	**$190,259**	(1.4%)	$192,921	13.2%	$170,352
	38.7%		39.3%		37.7%
BloomNet Wire Service	**30,080**	21.1%	24,844	55.4%	15,989
	56.2%		56.0%		53.5%
Gourmet Food & Gift Baskets	**91,713**	4.0%	88,207	85.9%	47,442
	46.7%		45.8%		45.2%
Home & Children's Gifts	**81,459**	(5.2%)	85,899	(6.2%)	91,555
	45.2%		45.9%		46.5%
Corporate(*)	**970**	27.0%	764	38.7%	551
	39.9%		46.2%		39.7%
Intercompany Eliminations	**(727)**		(169)		(245)
Total gross profit	**$393,754**	0.3%	$392,466	20.5%	$325,644
	42.8%		43.0%		41.7%

EBITDA (**)

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Category Contribution Margin:					
1-800-Flowers.com Consumer Floral	**$ 62,967**	(3.4%)	$ 65,166	40.1%	$ 46,518
BloomNet Wire Service	**18,509**	30.7%	14,162	99.3%	7,106
Gourmet Food & Gift Baskets	**24,593**	(6.8%)	26,377	286.4%	6,827
Home & Children's Gifts	**3,438**	383.0%	(1,215)	(117.0%)	7,134
Category Contribution Margin Subtotal	**109,507**	4.8%	104,490	54.6%	67,585
Corporate(*)	**(51,777)**	(0.2%)	(51,660)	(14.0%)	(45,311)
EBITDA	**$ 57,730**	9.3%	$ 52,830	137.2%	$ 22,274

(*) Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions, other than those of the Customer Service Center, which are allocated directly to the above categories based upon usage, are included within corporate expenses as they are not directly allocable to a specific category.

(**) Performance is measured based on category contribution margin or category EBITDA, reflecting only the direct controllable revenue and operating expenses of the categories. As such, management's measure of profitability for these categories does not include the effect of corporate overhead, described above, nor does it include depreciation and amortization, other income (net), and income taxes. Management utilizes EBITDA as a performance measurement tool because it considers such information a meaningful supplemental measure of its performance and believes it is frequently used by the investment community in the evaluation of companies with comparable market capitalization. The Company also uses EBITDA as one of the factors used to determine the total amount of bonuses available to be awarded to executive officers and other employees. The Company's credit agreement uses EBITDA (with additional adjustments) to measure compliance with covenants such as interest coverage and debt incurrence. EBITDA is also used by the Company to evaluate and price potential acquisition candidates. EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of these limitations are: (a) EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs; (b) EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts; and (c) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, EBITDA should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

Reconciliation of Net Income to EBITDA:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands)		
Net income	**$ 21,054**	$ 17,118	$ 3,187
Add:			
Interest expense	**5,081**	7,390	1,407
Depreciation and amortization	**20,363**	17,837	15,765
Income tax expense	**12,316**	11,891	3,181
Less:			
Interest income	**999**	1,381	1,260
Other income	**85**	25	6
EBITDA	**$ 57,730**	$ 52,830	$ 22,274

Results of Operations

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal years 2008, 2007 and 2006, which ended on June 29, 2008, July 1, 2007 and July 2, 2006, respectively, consisted of 52 weeks.

Net Revenues

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Net revenues:					
E-Commerce	**$749,857**	0.1%	$749,238	6.1%	$706,001
Other	**169,535**	3.8%	163,360	115.7%	75,740
	$919,392	0.7%	$912,598	16.7%	$781,741

Net revenues consist primarily of the selling price of the merchandise, service or outbound shipping charges, less discounts, returns and credits.

The Company's revenue growth of 0.7% during the fiscal year ended June 29, 2008 was primarily attributable to the continued expansion of the Company's BloomNet Wire Service business, which increased 20.5% over the prior fiscal year, as well as growth from the Gourmet Food & Gift Basket business, which increased 1.9% over the same period of the prior year, partially offset by a decline in the Home and Children's Gifts business as a result of the discontinuation of non-performing catalog titles in order to improve the overall operating results within this category. During this challenging consumer environment, which was characterized by cautious consumer spending and aggressive promotional activity by competitors across the gifting industry, the Company made the decision not to chase revenue growth in its direct-to-consumer businesses, instead focusing on achieving its primary goal of leveraging its

business platform to drive profitable growth while reducing its operating expense ratio. As a result, despite the difficult retail consumer environment experienced during the year, the Company was able to achieve EBITDA growth of 9.3%, on more modest revenue growth, and despite the negative contribution from DesignPac (acquired on April 30, 2008), due to the highly seasonal nature of its business.

The Company's revenue growth of 16.7% during the fiscal year ended July 1, 2007 was due to a combination of organic growth, as well as the acquisitions of Fannie May Confections Brands, a manufacturer and retailer of premium chocolates and other confections, acquired on May 1, 2006 and Wind & Weather, a direct marketer of weather-themed gifts, acquired on October 31, 2005. Organic revenue growth, including post acquisition growth of the aforementioned acquisitions, adjusted for the disposition of certain Company owned floral retail stores, during fiscal 2007 was approximately 8%.

The Company fulfilled approximately 11.5 million, 11.6 million and 11.3 million orders through its e-commerce (combined online and telephonic) sales channel during fiscal 2008, 2007 and 2006, respectively. The Company's e-commerce (combined online and telephonic) sales channel average order value increased 1.3% to $65.21 during fiscal 2008, and 3.2% to $64.37 during fiscal 2007, primarily as a result of increased service and shipping charges (in line with industry norms) to partially offset the impact of increased fuel costs passed on from freight carriers.

Other revenues for the fiscal years ended June 29, 2008 and July 1, 2007, increased in comparison to the same periods of the prior year due the continued revenue growth of the Company's BloomNet Wire Service category. Also contributing to the increase in other revenues during fiscal 2007 was the increase from the retail/wholesale component of Fannie May Confections Brands, which was acquired in May 2006.

The 1-800-Flowers.com Consumer Floral category includes the 1-800-Flowers brand operations which derives revenue from the sale of consumer floral products through its e-commerce sales channels (telephonic and online sales) and company-owned and operated retail floral stores, as well as royalties and rental income from its franchise operations. Net revenues during the fiscal years ended June 29, 2008 and July 1, 2007, increased by 0.1% and 8.7% over the respective prior year periods, primarily from an increased average order value from its e-commerce sales channel, offset in part by lower retail sales from its company-owned floral stores due to the planned transition of Company stores to franchise ownership. Fiscal 2007 net revenues were also favorably affected by increased order volume from its e-commerce sales channel.

The BloomNet Wire Service category includes revenues from membership fees as well as other service and product offerings to florists. Net revenues during the fiscal years ended June 29, 2008 and July 1, 2007 increased by 20.5% and 48.5% over the respective prior year periods, primarily as a result of increased florists' membership fees, expanded product and service offerings, and pricing initiatives. During fiscal 2007, net revenues were also favorably affected by the introduction of BloomNet's Floral Selection Guide, which is published once every three years.

The Gourmet Food & Gift Basket category includes the operations of the Cheryl & Co., Fannie May Confections Brands, The Popcorn Factory, The Winetasting Network and DesignPac Gifts brands. Revenue is derived from the sale of cookies, baked gifts, premium chocolates and confections, gourmet popcorn, wine gifts and gourmet gift baskets through its E-commerce sales channels (telephonic and online sales) and company-owned and operated retail stores under the Cheryl & Co. and Fannie May Confections brands, as well as wholesale operations. Net revenue for the fiscal year ended June 29, 2008 increased 1.9% compared to the prior fiscal year as a result of increased direct-to-consumer order volume from Cheryl & Co. and Fannie May Confections brands. Revenues from DesignPac, which was acquired on April 30, 2008, were immaterial during fiscal 2008 due to the highly seasonal nature of its business. Net revenue during the fiscal year ended July 1, 2007 increased by 83.5% over the prior year period, as a result of the contribution of Fannie May Confections Brands, which was acquired in May 2006, and strong organic growth from Cheryl & Co.

The Home & Children's Gifts category includes revenues from the Plow & Hearth, Wind & Weather, Problem Solvers, Madison Place, HearthSong and Magic Cabin brands. Revenue is derived from the sale of home decor and children's gifts through its e-commerce sales channels (telephonic and online sales) or company-owned and operated retail stores operated under the Plow & Hearth brand. Net revenue during the fiscal year ended June 29, 2008 decreased by 3.6% over the prior year period due to the planned elimination of the Madison Place and Problem Solvers catalog titles, which were launched during fiscal 2007. Excluding these titles, fiscal 2008 net revenue for the Home & Children's Gifts category was relatively consistent with the prior year period. Net revenue during the fiscal year ended July 1, 2007 decreased by 5.1% over the prior year period due to a lack of new "hit" products and an overall macro decline in customer demand within this category. During the second quarter of fiscal 2007, efforts to expand titles outside of the core Plow & Hearth brand did not attract the level of customer demand to justify the increase in marketing costs. In response to the poor results, during the third quarter of fiscal 2007, management implemented several changes to improve the performance within this category: (i) revised the aforementioned plans to expand and add titles, (ii) strengthened the management team, (iii) improved the creative look and feel of the catalogs and (iv) revised the circulation plans for all titles to place more focus on the category's existing customer base. As a result, during fiscal 2008, category contribu-

tion margin within this category improved by $4.6 million, from a loss of $1.2 million, to contribution of $3.4 million.

While the Company does not anticipate any significant improvement in the current economic environment during fiscal 2009, it expects to achieve revenue growth in excess of 10 percent compared with the prior year period. Revenue growth is expected to come from a combination of organic initiatives and contributions from its recent acquisitions. Among the organic initiatives that the Company believes will help drive profitable growth are (i) the first year benefit from the exclusive relationship with Martha Stewart Living Omnimedia for both 1-800-FLOWERS.COM and BloomNet; (ii) BloomNet's expanded products and service offerings, designed to deepen its relationship with florists and increase market share gains; (iii) Fannie May's continued strong ecommerce channel growth; (iv) Cheryl & Co.'s new product introductions, increased customization capabilities and improved website functionality; as well as (v) continued focus on cross-marketing and merchandising across all enterprise brands.

Gross Profit

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Gross profit	**$393,754**	0.3%	$392,466	20.5%	$325,644
Gross margin %	**42.8%**		43.0%		41.7%

Gross profit consists of net revenues less cost of revenues, which is comprised primarily of florist fulfillment costs (primarily fees paid directly to florists), the cost of floral and non-floral merchandise sold from inventory or through third parties, and associated costs including inbound and outbound shipping charges. Additionally, cost of revenues include labor and facility costs related to direct-to-consumer and wholesale production operations.

Gross profit increased during the fiscal years ended June 29, 2008 and July 1, 2007, in comparison to the same periods of the prior years, primarily as a result of the revenue growth described above. Gross margin percentage during the fiscal year ended June 29, 2008 decreased 20 basis points, primarily as a result of increased promotional activity and higher fuel surcharges from third party shippers. During fiscal 2007, gross profit percentage increased by 130 basis points as a result of product mix and pricing initiatives, as well as continued improvements in customer service, and fulfillment, as a result of improved outbound shipping rates, and merchandising programs.

The 1-800-Flowers.com Consumer Floral category gross profit and gross profit margin percentage decreased by 1.4% and 60 basis points, respectively during fiscal 2008, as a result of increased promotional activity and higher fuel surcharges from third party shippers. During fiscal 2007, gross profit and gross margin percentage increased 13.2% and 160 basis points, respectively, as a result of the aforementioned increase in net revenue, as well improvements in sourcing, reduced outbound shipping rates, and pricing initiatives.

The BloomNet Wire Service category gross profit for the fiscal years ended June 29, 2008 and July 1, 2007, increased by 21.1% and 55.4% over the respective prior year periods as a result of the above mentioned revenue growth resulting from an increase in membership services and pricing initiatives.

The Gourmet Food & Gift Basket category gross profit for the fiscal year ended June 29, 2008 increased by 4.0% over the prior year period as a result of higher revenues and higher gross margin percentage, which increased 90 basis points to 46.7%, as a result of manufacturing efficiencies, and sales channel mix. During fiscal 2007, gross profit increased 85.9% primarily as a result of the incremental revenue generated by Fannie May Confections Brands and strong organic growth within the Cheryl & Co. brand, combined with an increase in gross margin percentage of 60 basis points, to 45.8%, as a result of improvements in outbound shipping rates and merchandising programs across all brands within the category.

The Home & Children's Gift category gross profit for the fiscal years ended June 29, 2008 and July 1, 2007 decreased by 5.2% and 6.2% over the respective prior year periods as a result of the aforementioned revenue decline, combined with lower gross margin percentages. The gross margin percentage during fiscal 2008 declined 70 basis points to 45.2%, due to promotional offers designed to re-engage core customers who had left the brand during fiscal 2007 when it had unsuccessfully moved away from its traditional product offerings, as well as from higher fuel surcharges on its outbound shipments. During fiscal 2007, the gross margin percentage declined 60 basis points to 45.9%, due to sales mix and markdowns to move inventory.

During fiscal year 2009, the Company expects its gross margin percentage will decline slightly as a result of the acquisition of DesignPac, which carries a lower wholesale gross margin, but a strong overall contribution margin due to its efficient high volume packaging and distribution operations. This mix decline is expected to be partially offset by anticipated gross margin improvements in most of its existing businesses through a combination of product sourcing, fulfillment improvements and pricing initiatives.

Marketing and Sales Expense

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Marketing and sales	**$256,604**	(2.2%)	$262,303	9.5%	$239,573
Percentage of sales	**27.9%**		28.7%		30.6%

Marketing and sales expense consists primarily of advertising and promotional expenditures, catalog costs, online portal and search costs, retail store and fulfillment operations (other than costs included in cost of revenues) and customer service center expenses, as well as the operating expenses of the Company's departments engaged in marketing, selling and merchandising activities.

During fiscal 2008, marketing and sales expenses decreased by 2.2% from the prior year, and declined from 28.7% of net revenues to 27.9% of net revenues as a result of improved operating leverage from a number of cost-saving initiatives, including catalog printing and e-mail pricing improvements, and planned reductions in catalog prospecting and the discontinuation of the Madison Place and Problem Solvers titles within the Home & Children's category, as well as continued growth and operating improvements within the BloomNet Wire Service category.

During fiscal 2007, marketing and sales expense increased over the prior year period by 9.5% as a result of several factors, including: (i) incremental expenses associated with the acquisition of Fannie May Confections Brands in May 2006, (ii) incremental variable costs to accommodate higher sales volumes, and (iii) personnel associated with the expansion of the BloomNet Wire Service business. However, marketing and sales expenses decreased from 30.6% to 28.7% of net revenues, reflecting improved operating leverage from cost-saving initiatives and the completion of the investment phase of BloomNet, including the absorption of incremental personnel to expand membership, increase product and service offerings, and increased BloomNet Technologies penetration. This leverage was achieved through significant improvement within the Company's 1-800-Flowers Consumer Floral, BloomNet Wire Service and Gourmet Food & Gift Baskets categories. As efforts to grow the Home & Children's Gifts businesses through the introduction of titles outside the core Plow & Hearth brand did not attract the necessary level of consumer demand to justify the costs, as noted above, non-productive titles were discontinued during the latter half of fiscal 2007, resulting in improved contribution margin during fiscal 2008.

During the fiscal year ended June 29, 2008 the Company added approximately 3.4 million new e-commerce customers, compared to 3.5 million and 3.6 million in fiscal 2007 and fiscal 2006, respectively. Of the 6.8 million total customers who placed e-commerce orders during the fiscal 2008, approximately 50% were repeat customers, compared to 48% and 46% in fiscal 2007 and fiscal 2006, respectively, reflecting the Company's ongoing focus on deepening the relationship with its existing customers as their trusted source for gifts and services for all of their celebratory occasions.

During fiscal 2009, the Company expects that marketing and sales expense will continue to decrease as a percentage of net revenue in comparison to the prior years, in part due to the acquisition of DesignPac which, as noted above, carries a lower wholesale gross margin, but a strong overall contribution margin due to its cost efficient, high volume product assembly and distribution operations, as well as Company initiatives which will gain further leverage within existing operations.

Technology and Development Expense

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Technology and development	**$21,539**	1.0%	$ 21,316	7.6%	$ 19,819
Percentage of sales	**2.3%**		2.3%		2.5%

Technology and development expense consists primarily of payroll and operating expenses of the Company's information technology group, costs associated with its web sites, including hosting, design, content development and maintenance and support costs related to the Company's order entry, customer service, fulfillment and database systems.

During fiscal 2008, technology and development expense increased 1.0%, in comparison to the prior year period as a result of increased labor costs, but increased labor costs were necessary to support the Company's technology platform, and were offset in part by savings derived from renegotiating various technology maintenance and license agreements.

During fiscal 2007, technology and development expense decreased 20 basis points to 2.3% of net revenue, reflecting improved operating leverage, however, technology and development expense increased by 7.6% over the prior year period, as a result of the incremental expenses associated with Fannie May Confections Brands, as well as for increases in the cost of maintenance and license agreements required to support the Company's technology platform.

During the fiscal years ended June 29, 2008, July 1, 2007, and July 2, 2006 the Company expended $35.3 million, $32.3 million, and $33.6 million, respectively, on technology and development, of which $13.8 million, $11.0 million, and $13.8 million, respectively, has been capitalized.

The Company believes that continued investment in technology and development is critical to attaining its strategic objectives, and as such, the Company expects that its spending for the fiscal 2009 will be consistent, as a percentage of net revenues, in comparison to the prior year.

General and Administrative Expense

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
General and administrative	**$57,881**	3.3%	$ 56,017	27.4%	$ 43,978
Percentage of sales	**6.3%**		6.1%		5.6%

General and administrative expense consists of payroll and other expenses in support of the Company's

executive, finance and accounting, legal, human resources and other administrative functions, as well as professional fees and other general corporate expenses.

General and administrative expense increased 3.3% during the fiscal year ended June 29, 2008 and by 20 basis points as a percentage of net revenues in comparison to the prior year, due to increased professional fees and corporate initiatives. The benefit of these increased costs are reflected in the improvements within the Company's overall operating expense ratios, in comparison to the same period of the prior year.

During the fiscal year ended July 1, 2007 general and administrative expense increased 27.4% and by 50 basis points as a percentage of net revenues in comparison to the prior year period, primarily as a result of: (i) incremental expenses associated with the acquisitions of Fannie May Confections Brands in May 2006, (ii) increased legal and professional fees, and (iii) the achievement of certain performance related bonus targets in fiscal 2007 which were not earned in the prior fiscal year.

Although the Company believes that its current general and administrative infrastructure is sufficient to support existing requirements and drive operating leverage, the Company expects that its fiscal 2009 general and administrative expenses will be consistent, as a percentage of net revenue, with fiscal 2008.

Depreciation Amortization

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Depreciation and amortization	**$ 20,363**	14.2%	$ 17,837	13.1%	$ 15,765
Percentage of sales	**2.2%**		2.0%		2.0%

Depreciation and amortization expense increased by 14.2% during the fiscal 2008 in comparison to the prior year as a result of capital additions for technology platform improvements and the incremental amortization expense related to the intangibles established as a result of the acquisition of DesignPac, which was acquired on April 30, 2008.

Depreciation and amortization expense increased by 13.1% during the fiscal year ended July 1, 2007 in comparison to the prior year period primarily as a result of the incremental amortization expense as a result of the acquisitions of Fannie May Confections Brands and Wind & Weather in fiscal 2006, as well as depreciation associated with completed technology projects designed to provide improved order/warehouse management functionality across the enterprise.

The Company believes that continued investment in its infrastructure, primarily in the areas of technology and development, including the improvement of the technology platforms are critical to attaining its strategic objectives. As a result of these improvements, and the increase in amortization expense associated with intangibles established as a result of recent acquisitions, the Company expects that depreciation and amortization for the fiscal 2009 will increase slightly as a percentage of net revenues in comparison to the prior year.

Other Income (Expense)

	Years Ended				
	June 29, 2008	% Change	July 1, 2007	% Change	July 2, 2006
	(in thousands)				
Interest income	**$ 999**	(27.7)%	$ 1,381	9.6%	$1,260
Interest expense	**(5,081)**	31.2%	(7,390)	(425.2)%	(1,407)
Other, net	**85**	240.0%	25	316.7%	6
	$ (3,997)	33.2%	$ (5,984)	(4,144.0)%	$ (141)

Other income (expense) consists primarily of interest income earned on the Company's investments and available cash balances, offset by interest expense, primarily attributable to the Company's long-term debt, and revolving line of credit.

Net borrowing costs declined during fiscal 2008, in comparison to fiscal 2007, as a result of declining interest rates and a reduction in outstanding debt.

Net borrowing costs increased during fiscal 2007, in comparison to fiscal 2006, due to the interest expense incurred in order to finance the acquisition of Fannie May Confections Brands, Inc. on May 1, 2006. On May 1, 2006, the Company entered into a $135.0 million secured credit facility with JPMorgan Chase Bank, N.A., as administrative agent, and a group of lenders (the "2006 Credit Facility"). The 2006 credit facility, as amended, included an $85.0 million term loan and a $75.0 million revolving facility, which bear interest at LIBOR plus 0.625% to 1.125%, with pricing based upon the Company's leverage ratio. At closing, the Company borrowed $85.0 million of the term facility to acquire all of the outstanding capital stock of Fannie May Confections Brands, Inc.

On August 28, 2008, the Company entered into a $293.0 million Amended and Restated Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and a group of lenders (the "2008 Credit Facility"). The 2008 Credit Facility provides for borrowings of up to $293.0 million, including: (i) a $165.0 million revolving credit commitment, (ii) $60.0 million of new term loan debt, and (iii) $68.0 million of existing term loan debt associated with the Company's 2006 Credit Facility. Interest is at LIBOR plus 1.5% to 2.5% for the Company's existing term loan and revolving credit facility, and LIBOR plus 2.0% to 3.0%, for the Company's new term loan, with pricing based upon the Company's leverage ratio. At closing of the 2008 Credit Facility, the Company utilized the proceeds of the new term loan to pay down amounts outstanding under its previous revolving credit facility.

Income Taxes

During the fiscal years ended June 29, 2008, July 1, 2007 and July 2, 2006, the Company recorded income tax expense of $12.3 million, $11.9 million and $3.2 million, respectively. The Company's effective tax rate for the fiscal years ended June 29, 2008, July 1, 2007 and July 2, 2006 was 36.9%, 41.0% and 50.0%, respectively. The decrease in the effective tax rate during the fiscal year ended June 29, 2008 resulted primarily from lower state taxes, as well as various tax credits programs. The decrease in the effective tax rate during the fiscal year ended July 1, 2007 resulted from the dilution of the impact of stock-based compensation recognized in accordance with SFAS No. 123(R), over an increased level of income before taxes in comparison the prior fiscal year. The Company's effective tax rate for the fiscal years ended June 29, 2008, July 1, 2007 and July 2, 2006 differed from the U.S. federal statutory rate of 35% primarily due to state income taxes, partially offset by various tax credits.

At June 29, 2008, the Company's federal net operating loss carryforwards were approximately $4.5 million, which, if not utilized, will begin to expire in fiscal year 2025.

Liquidity and Capital Resources

At June 29, 2008 the Company had working capital of $33.4 million, including cash and equivalents of $12.1 million, compared to working capital of $51.4 million, including cash and equivalents of $16.1 million, at July 1, 2007.

Net cash provided by operating activities of $57.9 million for the fiscal year ended June 29, 2008 was primarily attributable to net income, adjusted to add back non-cash charges for depreciation and amortization, deferred income taxes and stock-based compensation, offset in part by increases in inventory (due primarily to the recently acquired DesignPac business).

Net cash used in investing activities of $57.7 million for the fiscal year ended June 29, 2008 was primarily attributable to the payment of Fannie May Confections Brands "earn-out" incentives ($4.4 million), as well as capital expenditures, primarily related to the Company's technology and distribution infrastructure, and the acquisition of DesignPac ($33.3 million) on April 30, 2008. DesignPac is a designer, assembler and distributor of gourmet gift baskets, gourmet food towers and gift sets, including a broad range of branded and private label components, based in Melrose Park, IL. The purchase price of approximately $33.3 million in cash, net of cash acquired, is subject to "earn-out" incentives which amount to a maximum of $2.0 million through the years ending June 27, 2010, upon achievement of specified performance targets.

Net cash used in financing activities of $4.2 million for the fiscal year ended June 29, 2008 was primarily due to the scheduled repayments (net) of the Company's debt and bank borrowings against the Company's 2006 Credit Facility and the repurchase of 133,609 shares of treasury stock, offset in part by proceeds from employee stock option exercises and the related excess tax benefits.

In order to fund the increase in working capital requirements associated with DesignPac, and to provide operating flexibility, on August 28, 2008, the Company entered into a $293.0 million Amended and Restated Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and a group of lenders (the "2008 Credit Facility"). The 2008 Credit Facility provides for borrowings of up to $293.0 million, including: (i) a $165.0 million revolving credit commitment, (ii) $60.0 million of new term loan debt, and (iii) $68.0 million of existing term loan debt associated with the Company's previous credit facility. Interest is at LIBOR plus 1.5% to 2.5% for the Company's existing term loan and revolving credit facility, and LIBOR plus 2.0% to 3.0%, for the Company's new term loan, with pricing based upon the Company's leverage ratio. At closing of the 2008 Credit Facility, the Company utilized the proceeds of the new term loan to pay down amounts outstanding under its previous revolving credit facility. The repayment terms of the existing term loan remain unchanged, while the new term loan is required to be repaid in equal quarterly installments of $3.0 million beginning in December 2008, with the final installment payment due on August 28, 2013. The 2008 Credit Facility contains various conditions to borrowing, and affirmative and negative financial covenants. The obligations of the Company and its subsidiaries under the 2008 Credit Facility are secured by liens on all personal property of the Company and its subsidiaries.

The Company expects to borrow against its 2008 Credit Facility to fund working capital requirements related to pre-holiday manufacturing and inventory purchases. At June 29, 2008, the Company had no outstanding amounts under its revolving credit facility. However, it anticipates borrowing against the facility prior to the end of its first quarter. The Company anticipates that such borrowings will peak during its fiscal second quarter, before being repaid prior to the end of that quarter.

On January 21, 2008, the Company's Board of Directors authorized an increase to its stock repurchase plan which, when added to the funds remaining on its earlier authorization, increased the amount available for repurchase to $15.0 million. Any such purchases could be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program will be financed utilizing available cash. As of June 29, 2008, $14.0 million remains authorized but unused.

Under this program, as of June 29, 2008, the Company had repurchased 1,660,786 shares of common stock for $12.3 million, of which, $1.1 million (133,609 shares), $0.2 million (24,627 shares) and $1.3 million (182,000 shares) were repurchased during the fiscal years ending June 29, 2008, July 1, 2007 and July 2, 2006, respectively. In a separate transaction, during fiscal 2007, the Company's Board of Directors authorized the repurchase of 3,010,740 shares of common stock from an affiliate. The purchase price was $15,689,000, or $5.21

per share. The repurchase was approved by the disinterested members of the Company's Board of Directors and was in addition to the Company's then existing stock repurchase authorization.

At June 29, 2008, the Company's contractual obligations consist of:

	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(in thousands)		
Long-term debt, including interest (*)	$ 78,498	$ 16,830	$ 35,167	$ 26,501	$ —
Capital lease obligations	52	13	21	18	—
Operating lease obligations	70,217	12,048	18,863	15,121	24,185
Sublease obligations	8,507	2,814	3,324	1,483	886
Purchase commitments (**)	82,783	72,783	10,000	—	—
Total	$240,057	$ 104,488	$ 67,375	$ 43,123	$ 25,071

(*) On August 28, 2008, the Company entered into a $293.0 million Amended and Restated Credit Agreement (the "2008 Credit Facility"). The 2008 Credit Facility provides for borrowings of up to $293.0 million, including: (i) a $165.0 million revolving credit commitment, (ii) $60.0 million of new term loan debt, and (iii) $68.0 million of existing term loan debt associated with the Company's previous credit facility. The repayment terms of the existing term loan remain unchanged, while the new term loan is required to be repaid in equal quarterly installments of $3.0 million beginning in December 2008, with the final installment payment due on August 28, 2013.

(**) Purchase commitments consist primarily of inventory, equipment purchase orders and online marketing agreements made in the ordinary course of business.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial position and results of operations are based upon the consolidated financial statements of 1-800-FLOWERS.COM, Inc., which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, inventory and long-lived assets, including goodwill and other intangible assets related to acquisitions. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in preparation of its consolidated financial statements.

Revenue Recognition

Net revenues are generated by E-commerce operations from the Company's online and telephonic sales channels as well as other operations (retail/wholesale) and primarily consist of the selling price of merchandise, service or outbound shipping charges, less discounts, returns and credits. Net revenues are recognized upon product shipment. Shipping terms are FOB shipping point. Net revenues generated by the Company's BloomNet Wire Service operations include membership fees as well as other products and service offerings to florists. Membership fees are recognized monthly in the period earned, and products sales are recognized upon product shipment with shipping terms of FOB shipping point.

Accounts Receivable

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers or franchisees to make required payments. If the financial condition of the Company's customers or franchisees were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Inventory

The Company states inventory at the lower of cost or market. In assessing the realization of inventories, we are required to make judgments as to future demand requirements and compare that with inventory levels. It is possible that changes in consumer demand could cause a reduction in the net realizable value of inventory.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired and is evaluated annually for impairment. The cost of intangible assets with determinable lives is amortized to reflect the pattern of economic benefits consumed, on a straight-line basis, over the estimated periods benefited, ranging from 3 to 16 years.

The Company performs an annual impairment test as of the first day of its fiscal fourth quarter, or earlier if indicators of potential impairment exist, to evaluate goodwill. Goodwill is considered impaired if the carrying amount of the reporting unit exceeds its estimated fair value. In assessing the recoverability of goodwill, the Company reviews both quantitative as well as qualitative

factors to support its assumptions with regard to fair value. Judgment regarding the existence of impairment indicators is based on market conditions and operational performance of the Company. Future events could cause the Company to conclude that impairment indicators exist and that goodwill and other intangible assets associated with our acquired businesses is impaired.

Capitalized Software

The carrying value of capitalized software, both purchased and internally developed, is periodically reviewed for potential impairment indicators. Future events could cause the Company to conclude that impairment indicators exist and that capitalized software is impaired.

Stock-based Compensation

SFAS No. 123R requires the measurement of stock-based compensation expense based on the fair value of the award on the date of grant. The Company determines the fair value of stock options issued by using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model considers a range of assumptions related to volatility, dividend yield, risk-free interest rate and employee exercise behavior. Expected volatilities are based on historical volatility of the Company's stock price. The dividend yield is based on historical experience and future expectations. The risk-free interest rate is derived from the US Treasury yield curve in effect at the time of grant. The Black-Scholes model also incorporates expected forfeiture rates, based on historical behavior. Determining these assumptions are subjective and complex, and therefore, a change in the assumptions utilized could impact the calculation of the fair value of the Company's stock options.

Income Taxes

The Company has established deferred income tax assets and liabilities for temporary differences between the financial reporting bases and the income tax bases of its assets and liabilities at enacted tax rates expected to be in effect when such assets or liabilities are realized or settled. The Company has recognized as a deferred tax asset the tax benefits associated with losses related to operations, which are expected to result in a future tax benefit. Realization of this deferred tax asset assumes that we will be able to generate sufficient future taxable income so that these assets will be realized. The factors that we consider in assessing the likelihood of realization include the forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets.

It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more-likely-than-not to be sustained upon examination by taxing authorities. To the extent that the Company prevails in matters for which a liability for an unrecognized tax benefit is established or is required to pay amounts in excess of the liability, the Company's effective tax rate in a given financial statement period may be affected.

Recent Accounting Pronouncements

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with generally accepted accounting principles. SFAS No. 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not anticipate the adoption of SFAS No. 162 will have a material impact on its results of operations, cash flows or financial condition.

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No.142, *Goodwill and Other Intangible Asset*. FSP FAS 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of FSP FAS 142-3 will have on its consolidated results of operation, cash flows or financial condition.

In March 2008, the FASB issued Statement No.161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS No. 161"). SFAS No. 161 amends and expands the disclosure requirements of Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" and it requires qualitative disclosures about objectives and strategies for using derivatives and quantitative disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not anticipate the adoption of SFAS No. 161 will have a material impact on its results of operations, cash flows or financial condition.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any controlling interest in the business and the goodwill acquired. SFAS No. 141R further requires that acquisition-related costs and costs associated with restructuring or exiting activities of an acquired entity will be expensed as incurred. SFAS No. 141R also establishes disclosure requirements that will require disclosure of the nature and financial effects of the business combination. SFAS No.

141R will impact business combinations for the Company that may be completed on or after June 29, 2009. The Company cannot anticipate whether the adoption of SFAS No. 141R will have a material impact on its results of operations and financial condition as the impact is solely dependent on the terms of any business combination entered into by the Company after June 29, 2009 and the terms of such transactions.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. This statement provides companies with an option to measure selected financial assets and liabilities at fair value. The Company does not expect the adoption of SFAS No. 159 to have a material impact on its consolidated results of operations, cash flows or financial condition.

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (FSP) No. 157-2, delaying the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a nonrecurring basis. The delayed portions of SFAS 157 will be adopted by the Company beginning in its fiscal year ending June 27, 2010, while all other portions of the standard will be adopted by the Company beginning in its fiscal year ending June 28, 2009, as required. The Company does not expect that SFAS 157 will have a material impact on its consolidated results of operations, cash flows or financial condition.

Quantitative and Qualitative Disclosures About Market Risk

The Company's earnings and cash flows are subject to fluctuations due to changes in interest rates primarily from its investment of available cash balances in money market funds and investment grade corporate and U.S. government securities, as well as from outstanding debt. As of June 29, 2008, the Company's outstanding debt, including current maturities, approximated $68.1 million, of which $68.0 million was variable rate debt. Each 25 basis point change in interest rates would have a corresponding effect on our interest expense of approximately $0.2 million as of June 29, 2008. Under its current policies, the Company does not use interest rate derivative instruments to manage exposure to interest rate changes.

Cautionary Statements Under the Private Securities Litigation Reform Act of 1995

Our disclosures and analysis in this annual report contain some forward-looking statements that set forth anticipated results based on management's plans and assumptions. From time to time, we also provide forward-looking statements in other statements we release to the public as well as oral forward-looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan, "believe" and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions; the effectiveness of our marketing programs; the performance of our existing products and services; our ability to attract and retain customers and expand our customer base; our ability to enter into or renew online marketing agreements; our ability to respond to competitive pressures; expenses, including shipping costs and the costs of marketing our current and future products and services; the outcome of contingencies, including legal proceedings in the normal course of business; and our ability to integrate acquisitions.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risk, uncertainties and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our 10-K, 10-Q and 8-K reports to the SEC. Also note we provide the following cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to our business. These are factors that, individually or in the aggregate, we think could cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks and uncertainties.

Quarterly Results of Operations

The following table provides unaudited quarterly consolidated results of operations for each quarter of fiscal years 2008 and 2007. The Company believes this unaudited information has been prepared substantially on the same basis as the annual audited consolidated financial statements and all necessary adjustments, consisting of only normal recurring adjustments, have been included in the amounts stated below to present fairly the Company's results of operations. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

	Three Months Ended							
	Jun. 29, 2008	Mar. 30, 2008	Dec. 30, 2007	Sep. 30, 2007	Jul. 1, 2007	Apr. 1, 2007	Dec. 31, 2006	Oct. 1, 2006
	(in thousands, except per share data)							
Net revenues:								
E-commerce (telephonic/online)	$183,710	$177,476	$274,168	$114,503	$194,228	$175,592	$270,159	$109,259
Other	36,103	42,091	60,034	31,307	37,593	38,187	59,707	27,873
Total net revenues	219,813	219,567	334,202	145,810	231,821	213,779	329,866	137,132
Cost of revenues	128,501	130,062	181,146	85,929	132,833	127,092	177,889	82,318
Gross Profit	91,312	89,505	153,056	59,881	98,988	86,687	151,977	54,814
Operating expenses:								
Marketing and sales	59,644	60,587	93,594	42,779	61,873	59,023	99,037	42,370
Technology and development	5,370	5,515	5,419	5,235	5,485	5,469	5,201	5,161
General and administrative	14,064	13,151	15,448	15,218	14,545	14,198	13,931	13,343
Depreciation and amortization	5,515	5,011	4,967	4,870	4,812	4,447	3,834	4,744
Total operating expenses	84,593	84,264	119,428	68,102	86,715	83,137	122,003	65,618
Operating income (loss)	6,719	5,241	33,628	(8,221)	12,273	3,550	29,974	(10,804)
Other income (expense), net	(533)	(685)	(1,430)	(1,349)	(979)	(1,347)	(2,178)	(1,480)
Income (loss) before income taxes	6,186	4,556	32,198	(9,570)	11,294	2,203	27,796	(12,284)
Income tax expense (benefit)	1,888	1,266	12,942	(3,780)	4,732	1,150	10,874	(4,865)
Net income (loss)	$ 4,298	$ 3,290	$ 19,256	$ (5,790)	$ 6,562	$ 1,053	$16,922	$ (7,419)
Net income (loss) per share:								
Basic	$ 0.07	$ 0.05	$ 0.31	$ (0.09)	$0.10	$ 0.02	$ 0.26	$ (0.11)
Diluted	$ 0.07	$ 0.05	$ 0.29	$ (0.09)	$0.10	$ 0.02	$0.26	$ (0.11)

The Company's quarterly results may experience seasonal fluctuations. Due to the Company's expansion into non-floral products, including the recent acquisition of DesignPac Gifts, LLC, which was acquired in May 2008, Thanksgiving through Christmas holiday season, which falls within the Company's second fiscal quarter, generates the highest proportion of the Company's annual revenues. Additionally, as the result of a number of major floral gifting occasions, including Mother's Day, Administrative Professionals Week and Easter, revenues also rise during the Company's fiscal fourth quarter. For fiscal 2008, however, the Easter holiday occurred in the Company's fiscal third quarter, thus moving revenue from the Company's fiscal fourth quarter to its fiscal third quarter. For fiscal 2009, the Easter Holiday returns to the Company's fiscal fourth quarter.

Consolidated Balance Sheets

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands, except share data)

	June 29, 2008	July 1, 2007
Assets		
Current Assets:		
Cash and equivalents	**$ 12,124**	$ 16,087
Receivables, net	**13,443**	17,010
Inventories	**67,283**	62,051
Deferred income taxes	**7,977**	19,260
Prepaid and other	**8,723**	9,576
Total current assets	**109,550**	123,984
Property, plant and equipment, net	**65,737**	62,561
Goodwill	**124,164**	112,131
Other intangibles, net	**68,760**	52,750
Other assets	**3,127**	1,081
Total assets	**$ 371,338**	$ 352,507
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	**$ 63,248**	$ 62,433
Current maturities of long-term debt and obligations under capital leases	**12,886**	10,132
Total current liabilities	**76,134**	72,565
Long-term debt and obligations under capital leases	**55,250**	68,000
Deferred income taxes	**5,527**	8,230
Other liabilities	**2,962**	2,681
Total liabilities	**139,873**	151,476
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	**—**	—
Class A common stock, $.01 par value, 200,000,000 shares authorized, 31,368,241 and 30,298,019 shares issued in 2008 and 2007, respectively	**314**	303
Class B common stock, $.01 par value, 200,000,000 shares authorized, 42,138,465 shares issued in 2008 and 2007	**421**	421
Additional paid-in capital	**279,718**	269,270
Retained deficit	**(17,839)**	(38,893)
Treasury stock, at cost – 4,724,326 and 4,590,717 Class A shares in 2008 and 2007, respectively, and 5,280,000 Class B shares	**(31,149)**	(30,070)
Total stockholders' equity	**231,465**	201,031
Total liabilities and stockholders' equity	**$ 371,338**	$352,507

See accompanying notes.

Consolidated Statements of Income

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands, except per share data)

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
Net revenues	**$919,392**	$912,598	$781,741
Cost of revenues	**525,638**	520,132	456,097
Gross profit	**393,754**	392,466	325,644
Operating expenses:			
Marketing and sales	**256,604**	262,303	239,573
Technology and development	**21,539**	21,316	19,819
General and administrative	**57,881**	56,017	43,978
Depreciation and amortization	**20,363**	17,837	15,765
Total operating expenses	**356,387**	357,473	319,135
Operating income	**37,367**	34,993	6,509
Other income (expense):			
Interest income	**999**	1,381	1,260
Interest expense	**(5,081)**	(7,390)	(1,407)
Other, net	**85**	25	6
Total other income (expense), net	**(3,997)**	(5,984)	(141)
Income before income taxes	**33,370**	29,009	6,368
Income tax expense	**12,316**	11,891	3,181
Net income	**$ 21,054**	$ 17,118	$ 3,187
Net income per common share:			
Basic	**$ 0.33**	$ 0.27	$ 0.05
Diluted	**$ 0.32**	$ 0.26	$ 0.05
Weighted average shares used in the calculation of net income per common share:			
Basic	**63,074**	63,786	65,100
Diluted	**65,458**	65,526	66,429

See accompanying notes.

Consolidated Statements of Stockholders' Equity

1-800-FLOWERS.COM, Inc. and Subsidiaries

Years ended June 29, 2008, July 1, 2007 and July 2, 2006
(in thousands, except share data)

	Common Stock				Additional	Retained	Unearned	Treasury Stock		Stockholders'
	Class A		Class B		Paid-In		Stock-Based			
	Shares	Amount	Shares	Amount	Capital	Deficit	Compensation	Shares	Amount	Equity
Balance at July 3, 2005	29,888,603	$ 300	42,144,465	$ 421	$ 258,848	$ (59,198)	$ (1,116)	6,660,850	$ (12,921)	$186,334
Exercise of employee stock options and vesting of restricted stock	133,499	1	—	—	649	—	—	—	—	650
Stock-based compensation	—	—	—	—	4,284	—	—	(7,500)	52	4,336
Reclassification of unvested restricted stock upon adoption of SFAS No. 123R-Share Based Payment	(155,919)	(2)	—	—	(1,114)	—	1,116	—	—	—
Stock repurchase program	—	—	—	—	—	—	—	182,000	(1,324)	(1,324)
Conversion of Class B common stock into Class A common stock	6,000	—	(6,000)	—	—	—	—	—	—	—
Net Income	—	—	—	—	—	3,187	—	—	—	3,187
Balance at July 2, 2006	29,872,183	299	42,138,465	421	262,667	(56,011)	—	6,835,350	(14,193)	193,183
Exercise of employee stock options and vesting of restricted stock	425,836	4	—	—	2,003	—	—	—	—	2,007
Stock-based compensation	—	—	—	—	4,600	—	—	—	—	4,600
Stock repurchase program	—	—	—	—	—	—	—	3,035,367	(15,877)	(15,877)
Net income	—	—	—	—	—	17,118	—	—	—	17,118
Balance at July 1, 2007	30,298,019	303	42,138,465	421	269,270	(38,893)	—	9,870,717	(30,070)	201,031
Exercise of employee stock options and vesting of restricted stock	**1,070,222**	**11**	**—**	**—**	**4,718**	**—**	**—**	**—**	**—**	**4,729**
Stock-based compensation	**—**	**—**	**—**	**—**	**3,534**	**—**	**—**	**—**	**—**	**3,534**
Excess tax benefit from stock based compensation	**—**	**—**	**—**	**—**	**2,196**	**—**	**—**	**—**	**—**	**2,196**
Stock repurchase program	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**133,609**	**(1,079)**	**(1,079)**
Net income	**—**	**—**	**—**	**—**	**—**	**21,054**	**—**	**—**	**—**	**21,054**
Balance at June 29, 2008	**31,368,241**	**$ 314**	**42,138,465**	**$ 421**	**$ 279,718**	**$ (17,839)**	**$ —**	**10,004,326**	**$(31,149)**	**$231,465**

See accompanying notes.

Consolidated Statements of Cash Flows

1-800-FLOWERS.COM, Inc. and Subsidiaries

(in thousands)

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
Operating activities:			
Net income	**$ 21,054**	$ 17,118	$ 3,187
Reconciliation of net income to net cash provided by operations:			
Depreciation and amortization	**20,363**	17,837	15,765
Deferred income taxes	**8,581**	10,325	2,175
Bad debt expense	**2,203**	1,880	476
Stock-based compensation	**3,534**	4,600	4,336
Excess tax benefits from stock based compensation	**(2,196)**	—	—
Other non-cash items	**810**	(791)	125
Changes in operating items, excluding the effects of acquisitions:			
Receivables	**1,422**	(5,737)	1,316
Inventories	**(4,410)**	(9,800)	(9,106)
Prepaid and other	**889**	771	5,513
Accounts payable and accrued expenses	**7,284**	(5,562)	(1,046)
Other assets	**(1,926)**	177	(6,208)
Other liabilities	**294**	1,523	(1,795)
Net cash provided by operating activities	**57,902**	32,341	14,738
Investing activities:			
Capital expenditures	**(19,942)**	(18,043)	(20,491)
Acquisitions, net of cash acquired	**(37,849)**	(347)	(96,874)
Dispositions	**463**	1,463	—
Proceeds from sales of investments	**—**	—	6,647
Other	**(387)**	242	2
Net cash used in investing activities	**(57,715)**	(16,685)	(110,716)
Financing activities:			
Acquisition of treasury stock	**(1,079)**	(15,877)	(1,324)
Excess tax benefits from stock based compensation	**2,196**	—	—
Proceeds from employee stock options	**4,729**	2,007	558
Proceeds from bank borrowings and revolving line of credit	**110,000**	110,000	105,000
Repayment of notes payable and bank borrowings	**(119,966)**	(119,913)	(22,482)
Repayment of capital lease obligations	**(30)**	(385)	(1,228)
Other	**—**	—	92
Net cash (used in) provided by financing activities	**(4,150)**	(24,168)	80,616
Net change in cash and equivalents	**(3,963)**	(8,512)	(15,362)
Cash and equivalents:			
Beginning of year	**16,087**	24,599	39,961
End of year	**$ 12,124**	$ 16,087	$ 24,599

Supplemental Cash Flow Information:

- Interest paid amounted to $5,081, $7,390, and $1,407 for the years ended June 29, 2008, July 1, 2007 and July 2, 2006, respectively.
- The Company paid income taxes of approximately $2,141, $1,429 and $23, net of tax refunds received, for the years ended June 29, 2008, July 1, 2007, and July 2, 2006, respectively.

See accompanying notes.

Note 1. Description of Business

For more than 30 years, 1-800-FLOWERS.COM, Inc. has been providing customers with fresh flowers and the finest selection of plants, gift baskets, gourmet foods, confections, balloons and plush stuffed animals perfect for every occasion. 1-800-FLOWERS.COM® offers the best of both worlds: exquisite arrangements individually created by some of the nation's top floral artists and hand-delivered the same day, and spectacular flowers shipped overnight under our Fresh From Our Growers® program. As always, 100 percent satisfaction and freshness are guaranteed. The Company's BloomNet® (www.mybloomnet.net) international floral wire service provides a broad range of quality products and value-added services designed to help professional florists to grow their businesses profitably. The 1-800-FLOWERS.COM, Inc. "Gift Shop" also includes gourmet gifts such as popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); exceptional cookies and baked gifts from Cheryl&Co.® (1-800-443-8124 or www.cherylandco.com); premium chocolates and confections from Fannie May Confections Brands (www.fanniemay.com and www.harrylondon.com); gourmet foods from Greatfood.com® (www.greatfood.com); wine gifts from Ambrosia® (www.ambrosia.com or www.winetasting.com); gift baskets from 1-800-BASKETS.COM® (www.1800baskets.com) and DesignPac Gifts℠ (www.designpac.com) as well as Home Decor and Children's Gifts from Plow & Hearth® (1-800-627-1712 or www.plowandhearth.com), Wind & Weather® (www.windandweather.com), HearthSong® (www.hearthsong.com) and Magic Cabin® (www.magiccabin.com). 1-800-FLOWERS.COM, Inc. stock is traded on the NASDAQ Global Select Market under ticker symbol FLWS.

Note 2. Significant Accounting Policies

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal years 2008, 2007 and 2006, which ended on June 29, 2008, July 1, 2007 and July 2, 2006, respectively, consisted of 52 weeks.

Basis of Presentation

The consolidated financial statements include the accounts of 1-800-FLOWERS.COM, Inc. and its wholly-owned subsidiaries (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Equivalents

Cash and equivalents consist of demand deposits with banks, highly liquid money market funds, United States government securities, overnight repurchase agreements and commercial paper with maturities of three months or less when purchased.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out method of accounting.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost reduced by accumulated depreciation. Depreciation expense is recognized over the assets' estimated useful lives using the straight-line method. Amortization of leasehold improvements and capital leases are calculated using the straight-line method over the shorter of the lease terms, including renewal options expected to be exercised, or estimated useful lives of the improvements. Estimated useful lives are periodically reviewed, and where appropriate, changes are made prospectively. The Company's property plant and equipment is depreciated using the following estimated lives:

Buildings	40 years
Leasehold Improvements	3 - 10 years
Furniture, Fixtures and Equipment	3 - 10 years
Software	3 - 5 years

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangibles are not amortized, but are evaluated annually for impairment. The Company performs its annual impairment test as of the first day of its fiscal fourth quarter, or earlier if indicators of potential impairment exist, to evaluate goodwill. Goodwill is considered impaired if the carrying amount of the reporting unit exceeds its estimated fair value. In assessing the recoverability of goodwill, the Company reviews both quantitative as well as qualitative factors to support its assumptions with regard to fair value. To date, there has been no impairment of these assets.

The cost of intangible assets with determinable lives is amortized to reflect the pattern of economic benefits consumed, on a straight-line basis, over the estimated periods benefited, ranging from 3 to 16 years.

Deferred Catalog Costs

The Company capitalizes the costs of producing and distributing its catalogs. These costs are amortized in direct proportion with actual sales from the corresponding catalog over a period not to exceed 26-weeks. Included within prepaid and other current assets was $3.4 million and $4.3 million at June 29, 2008 and July 1, 2007, respectively, relating to prepaid catalog expenses.

Investments

The Company considers all of its debt and equity securities, for which there is a determinable fair market value and no restrictions on the Company's ability to sell within the next 12 months, as available-for-sale. Avail-

able-for-sale securities are carried at fair value, with unrealized gains and losses reported as a separate component of stockholders' equity. For the years ended June 29, 2008, July 1, 2007 and July 2, 2006, there were no significant unrealized gains or losses. Realized gains and losses are included in other income. The cost basis for realized gains and losses on available-for-sale securities is determined on a specific identification basis.

Fair Values of Financial Instruments

The recorded amounts of the Company's cash and equivalents, short-term investments, receivables, accounts payable, and accrued liabilities approximate their fair values principally because of the short-term nature of these items. The fair value of investments, including available-for-sale securities, is based on quoted market prices where available. The fair value of the Company's long-term obligations, the majority of which are carried at a variable rate of interest, are estimated based on the current rates offered to the Company for obligations of similar terms and maturities. Under this method, the Company's fair value of long-term obligations was not significantly different than the carrying values at June 29, 2008 and July 1, 2007.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and equivalents, investments and accounts receivable. The Company maintains cash and equivalents and investments with high credit, quality financial institutions. Concentration of credit risk with respect to accounts receivable are limited due to the Company's large number of customers and their dispersion throughout the United States, and the fact that a substantial portion of receivables are related to balances owed by major credit card companies. Allowances relating to consumer, corporate and franchise accounts receivable ($1.4 million at June 29, 2008 and July 1, 2007) have been recorded based upon previous experience and management's evaluation.

Revenue Recognition

Net revenues are generated by E-commerce operations from the Company's online and telephonic sales channels as well as other operations (retail/wholesale) and primarily consist of the selling price of merchandise, service or outbound shipping charges, less discounts, returns and credits. Net revenues are recognized upon product shipment and do not include sales tax. Shipping terms are FOB shipping point. Net revenues generated by the Company's BloomNet Wire Service operations include membership fees as well as other products and service offerings to florists. Membership fees are recognized monthly in the period earned, and products sales are recognized upon product shipment with shipping terms of FOB shipping point.

Cost of Revenues

Cost of revenues consists primarily of florist fulfillment costs (fees paid directly to florists), the cost of floral and non-floral merchandise sold from inventory or through third parties, and associated costs including inbound and outbound shipping charges. Additionally, cost of revenues includes labor and facility costs related to manufacturing and production operations.

Marketing and Sales

Marketing and sales expense consists primarily of advertising and promotional expenditures, catalog costs, online portal and search expenses, retail store and fulfillment operations (other than costs included in cost of revenues), and customer service center expenses, as well as the operating expenses of the Company's departments engaged in marketing, selling and merchandising activities.

The Company expenses all advertising costs, with the exception of catalog costs (see *Deferred Catalog Costs* above) at the time the advertisement is first shown. Advertising expense was $127.2 million, $133.2 million and $127.4 million for the years ended June 29, 2008, July 1, 2007 and July 2, 2006, respectively.

Technology and Development

Technology and development expense consists primarily of payroll and operating expenses of the Company's information technology group, costs associated with its web sites, including hosting, content development and maintenance and support costs related to the Company's order entry, customer service, fulfillment and database systems. Costs associated with the acquisition or development of software for internal use are capitalized if the software is expected to have a useful life beyond one year and amortized over the software's useful life, typically three to five years. Costs associated with repair, maintenance or the development of web site content are expensed as incurred as the useful lives of such software modifications are less than one year.

Stock-Based Compensation

The Company records compensation expense associated with stock options and other forms of equity compensation in accordance with SFAS No. 123(R), "Share-Based Payment." The Company adopted the modified prospective application method provided for under SFAS 123(R) and consequently did not retroactively adjust results from prior periods. Under this transition method, compensation cost associated with stock options and awards recognized in the fiscal years ended June 29, 2008, July 1, 2007 and July 2, 2006, includes: (a) compensation cost of all stock-based payments granted prior to, but not yet vested as of, July 4, 2005 (based on grant-date fair value estimated in accordance with the original provisions of SFAS No. 123), and (b) compensation cost for all stock-based payments granted subsequent to July 3, 2005 (based on the grant-date fair value estimated in accordance with the new provision of SFAS No. 123(R)).

Income Taxes

The Company has established deferred income tax assets and liabilities for temporary differences between the financial reporting bases and the income tax bases of its assets and liabilities at enacted tax rates expected to be in effect when such assets or liabilities are realized or settled. During fiscal 2008, the Company adopted the provisions of Financial Accounting Standards Board

Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There was no material impact on the Company's consolidated financial position or results of operations as a result of the adoption of the provisions of FIN 48.

Comprehensive Income

For the years ended June 29, 2008, July 1, 2007 and July 2, 2006, the Company's comprehensive income was equal to the respective net income for each of the periods presented.

Net Income Per Share

Basic net income per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common and dilutive common equivalent shares (consisting primarily of employee stock options and restricted stock awards) outstanding during the period.

Recent Accounting Pronouncements

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with generally accepted accounting principles. SFAS No. 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not anticipate the adoption of SFAS No. 162 will have a material impact on its results of operations, cash flows or financial condition.

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No.142, *Goodwill and Other Intangible Asset*. FSP FAS 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of FSP FAS 142-3 will have on its consolidated results of operation, cash flows or financial condition.

In March 2008, the FASB issued Statement No.161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS No. 161") SFAS No. 161 amends and expands the disclosure requirements of Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" and requires qualitative disclosures about objectives and strategies for using derivatives amd quantitative disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not anticipate the adoption of SFAS No. 161 will have a material impact on its results of operations, cash flows or financial condition.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any controlling interest in the business and the goodwill acquired. SFAS No. 141R further requires that acquisition-related costs and costs associated with restructuring or exiting activities of an acquired entity will be expensed as incurred. SFAS No. 141R also establishes disclosure requirements that will require disclosure of the nature and financial effects of the business combination. SFAS No. 141R will impact business combinations for the Company that may be completed on or after June 29, 2009. The Company cannot anticipate whether the adoption of SFAS No. 141R will have a material impact on its results of operations and financial condition as the impact is solely dependent on the terms of any business combination entered into by the Company after June 29, 2009.
In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. This statement provides companies with an option to measure selected financial assets and liabilities at fair value. The Company does not expect the adoption of SFAS No. 159 to have a material impact on its consolidated results of operations, cash flows or financial condition.

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (FSP) No. 157-2, delaying the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a nonrecurring basis. The delayed portions of SFAS 157 will be adopted by the Company beginning in its fiscal year ending June 27, 2010, while all other portions of the standard will be adopted by the Company beginning in its fiscal year ending June 28, 2009, as required. The Company does not expect that SFAS 157 will have a material impact on its consolidated results of operations, cash flows or financial condition.

Reclassifications

Certain balances in the prior fiscal years have been reclassified to conform with the presentation in the current fiscal year.

Note 3. Net Income Per Common Share

The following table sets forth the computation of basic and diluted net income per common share:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands, except per share data)		
Numerator:			
Net income	**$ 21,054**	$17,118	$ 3,187
Denominator:			
Weighted average shares outstanding	**63,074**	63,786	65,100
Effect of dilutive securities:			
Employee stock options (1)	**1,808**	1,282	1,282
Employee restricted stock awards	**576**	458	47
	2,384	1,740	1,329
Adjusted weighted-average shares and assumed conversions	**65,458**	65,526	66,429
Net income per common share:			
Basic	**$ 0.33**	$ 0.27	$ 0.05
Diluted	**$ 0.32**	$ 0.26	$ 0.05

Note (1): The effect of options to purchase 3.2 million, 5.8 million and 5.9 million shares for the years ended June 29, 2008, July 1, 2007, and July 2, 2006, respectively, were excluded from the calculation of net income per share on a diluted basis as their effect is anti-dilutive.

Note 4. Acquisitions

The Company accounts for its business combinations in accordance with SFAS No. 141, "Business Combinations," which addresses financial accounting and reporting for business combinations and requires that all such transactions be accounted for using the purchase method. Under the purchase method of accounting for business combinations, the aggregate purchase price for the acquired business is allocated to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date.

Acquisition of DesignPac Gifts LLC

On April 30, 2008, the Company acquired all of the membership interest in DesignPac Gifts LLC (DesignPac), a designer, assembler and distributor of gourmet gift baskets, gourmet food towers and gift sets, including a broad range of branded and private label components, based in Melrose Park, IL. The acquisition, for approximately $33.3 million in cash, net of cash acquired, was financed utilizing a combination of available cash generated from operations and through borrowings against the Company's revolving credit facility. The purchase price is subject to "earn-out" incentives which amount to a maximum of $2.0 million through the years ending June 27, 2010, upon achievement of specified performance targets. In its most recently completed year ended December 31, 2007, prior to the acquisition, DesignPac generated revenues of approximately $53.3 million.

As described further under "Subsequent Events" in order to fund the increase in working capital requirements associated with DesignPac, and to provide for additional operational flexibility, on August 28, 2008, the Company entered into a $293.0 million Amended and Restated Credit Agreement with JPMorgan Chase Bank N.A., as administrative agent, and a group of lenders (the "2008 Credit Facility"). The 2008 Credit Facility provides for borrowings of up to $293.0 million, including: (i) a $165.0 million revolving credit commitment, (ii) $60.0 million of new term loan debt, and (iii) $68.0 million of existing term loan debt associated with the Company's previous credit facility. Interest is at LIBOR plus 1.5% to 2.5% for the Company's existing term loan and revolving credit facility, and LIBOR plus 2.0% to 3.0%, for the Company's new term loan, with pricing based upon the Company's leverage ratio.

The Company is in the process of finalizing its allocation of the purchase price to individual assets acquired and liabilities assumed as a result of the acquisition of DesignPac. This will result in potential adjustments to the carrying value of DesignPac's recorded assets and liabilities, the establishment of certain additional intangible assets, revisions of useful lives of intangible assets, some of which will have indefinite lives not subject to amortization, and the determination of any residual amount that will be allocated to goodwill. The preliminary allocation of the purchase price included in the current period balance sheet is based on the best estimates of management and is subject to revision based on final determination of asset fair values and useful lives. The following table summarizes the allocation of purchase price to the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition of DesignPac:

	DesignPac Purchase Price Allocation
	(in thousands)
Current assets	$ 1,287
Property, plant and equipment	1,172
Intangible assets	18,908
Goodwill	12,085
Other	81
Total assets acquired	33,533
Current liabilities	184
Total liabilities assumed	184
Net assets acquired	$33,349

Although not finalized, of the $18.9 million of acquired intangible assets related to the DesignPac acquisition, $6.4 million was assigned to trademarks that are not subject to amortization, while the remaining acquired intangibles of

$12.5 million were allocated primarily to customer related intangibles which are being amortized over the assets' determinable useful life of 10 years. Approximately $12.1 million of goodwill is deductible for tax purposes.

Acquisition of Fannie May Confections Brands, Inc.

On May 1, 2006, the Company acquired all of the outstanding common stock of Fannie May Confections Brands, Inc. (hereafter referred to as "Fannie May Confections Brands"), a manufacturer and multi-channel retailer and wholesaler of premium chocolate and other confections under the well-known Fannie May, Harry London and Fanny Farmer brands. The acquisition, for a purchase price of approximately $96.6 million in cash, including the achievement of certain "earn-out" incentives and transaction costs, included a 200,000-square foot manufacturing facility in North Canton, Ohio and 52 Fannie May retail stores in the Chicago area, where the chocolate brand has been a tradition since 1920. The purchase price was subject to "earn-out" incentives which amounted to a maximum of $6.0 million (of which $4.4 million was achieved), upon achievement of specified earnings targets.

In order to finance the Fannie May Confections Brands acquisition, on May 1, 2006, the Company entered into a $135.0 million secured credit facility with JPMorgan Chase Bank, N.A., as administrative agent, and a group of lenders (the "2006 Credit Facility"). The 2006 Credit Facility, as amended, which was subsequently amended and restated on August 28, 2008 (refer to "Subsequent Events"), included an $85.0 million term loan and a $75.0 million revolving facility, which carried interest at LIBOR plus 0.625% to 1.125%, with pricing based upon the Company's leverage ratio. At closing, the Company borrowed $85.0 million of the term facility to acquire all of the outstanding capital stock of Fannie May Confections Brands.

Acquisition of Wind & Weather

On October 31, 2005, the Company acquired all of the outstanding common stock of Wind & Weather, a Fort Bragg, California based direct marketer of weather-themed gifts, with annual revenues of approximately $14.4 million during its then most recently completed fiscal year ended March 31, 2005. The purchase price of approximately $5.2 million, including acquisition costs, was funded utilizing the Company's then existing line of credit which was repaid during the Company's second quarter of fiscal 2006 utilizing cash generated from operations, and excludes the assumption of Wind & Weather's $1.2 million balance on its seasonal working capital line. The Company has since relocated the operations of Wind & Weather to its Madison, Virginia facility, and terminated operations in California.

Pro forma Results of Operation

The following unaudited pro forma consolidated financial information has been prepared as if the acquisitions of DesignPac, Fannie May Confections Brands and Wind & Weather had taken place at the beginning of fiscal year 2006. The following unaudited pro forma information is not necessarily indicative of the results of operations in future periods or results that would have been achieved had the acquisitions taken place at the beginning of the periods presented.

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands, except per share data)		
Net revenues	**$973,140**	$963,620	$900,321
Operating income	**$ 44,227**	$ 39,608	$ 18,601
Net income	**$ 24,250**	$ 18,751	$ 5,734
Net income per common share			
Basic	**$ 0.38**	$ 0.29	$ 0.09
Diluted	**$ 0.37**	$ 0.29	$ 0.09

Note 5. Inventory

The Company's inventory, stated at cost, which is not in excess of market, includes purchased and manufactured finish goods for resale, packaging supplies, raw material ingredients for manufactured products and associated manufacturing labor, and is classified as follows:

	Years Ended	
	June 29, 2008	July 1, 2007
	(in thousands)	
Finished goods	**$48,986**	$43,113
Work-in-process	**3,442**	3,911
Raw materials	**14,855**	15,027
	$67,283	$62,051

Note 6. Goodwill and Intangible Assets

The change in the net carrying amount of goodwill is as follows (in thousands):

	1-800-Flowers.com Consumer Floral	BloomNet Wire Service	Gourmet Food and Gift Baskets	Home and Children's Gifts	Total
Balance at July 2, 2006	$ 6,652	$ —	$105,935	$18,554	$131,141
Acquisition of Wind & Weather	—	—	—	(54)	(54)
Acquisition of Fannie May Confections Brands	—	—	6,023	—	6,023
Purchase Price Allocation of Fannie May Confections- Reclassification of goodwill to intangible assets	—	—	(24,679)	—	(24,679)
Other	(300)	—	—	—	(300)
Balance at July 1, 2007	6,352	—	87,279	18,500	112,131
Acquisition of DesignPac	—	—	12,085	—	12,085
Other	(187)	—	373	(238)	(52)
Balance at June 29, 2008	**$ 6,165**	**$ —**	**$ 99,737**	**$18,262**	**$124,164**

The Company's intangible assets consist of the following:

		June 29, 2008			July 1, 2007		
	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
				(in thousands)			
Intangible assets with determinable lives:							
Investment in licenses	**14-16 years**	**$ 4,927**	**$ 4,408**	**$ 519**	$ 4,927	$4,085	$ 842
Customer lists	**3-10 years**	**25,570**	**6,042**	**19,528**	14,260	3,919	10,341
Other	**5-8 years**	**3,868**	**1,208**	**2,660**	2,639	748	1,891
		34,365	**11,658**	**22,707**	21,826	8,752	13,074
Trademarks with indefinite lives	—	**46,053**	**—**	**46,053**	39,676	—	39,676
Total intangible assets		**$80,418**	**$11,658**	**$68,760**	$61,502	$8,752	$52,750

The amortization of intangible assets for the years ended June 29, 2008, July 1, 2007 and July 2, 2006 was $2.9 million, $2.5 million, and $1.6 million, respectively. Future estimated amortization expense is as follows: 2009 - $4.0 million, 2010 - $3.9 million, 2011 - $3.4 million, 2012 - $2.2 million, and 2013 - $2.0 million, and thereafter - $7.2 million.

Note 7. Property, Plant and Equipment

	June 29, 2008	July 1, 2007
	(in thousands)	
Land	**$ 2,516**	$ 2,516
Building and building improvements	**15,944**	16,209
Leasehold improvements	**21,051**	19,087
Furniture and fixtures	**6,032**	5,637
Equipment	**26,258**	21,278
Computer equipment	**57,832**	54,942
Telecommunication equipment	**9,331**	9,106
Software	**69,158**	57,763
	208,122	186,538
Accumulated depreciation and amortization	**142,385**	123,977
	$ 65,737	$ 62,561

Note 8. Long-Term Debt

	June 29, 2008	July 1, 2007
	(in thousands)	
Term loan and revolving credit line (1)	**$68,000**	$76,500
Commercial note (2)	**84**	1,553
Obligations under capital leases (see Note 14)	**52**	79
	68,136	78,132
Less current maturities of long-term debt and obligations under capital leases	**12,886**	10,132
	$55,250	$68,000

(1) Term loan and revolving credit line - In order to finance the acquisition of Fannie May Confections Brands, Inc., on May 1, 2006, the Company entered into a secured credit facility with JPMorgan Chase Bank, N.A., as administrative agent, and a group of lenders (the "2006 Credit Facility"). The 2006 Credit Facility, as amended, includes an $85.0 million term loan and a $75.0 million revolving facility, which bear interest at LIBOR (2.4% at June 29, 2008) plus 0.625% to 1.125%, with pricing based upon the Company's leverage ratio (3.2% at June 29, 2008). At closing, the Company borrowed $85.0 million of the term facility to acquire all of the outstanding capital stock of Fannie May Confections Brands. The Company is required to pay the outstanding term loan in escalating quarterly installments, with the final installment payment due on May 1, 2012. The 2006 Credit Facility contains various conditions to borrowing, and affirmative and negative financial covenants. Concurrent with the establishment of the 2006 Credit Facility, the Company's previous $25.0 million revolving credit facilities were terminated. The obligations of the Company and its subsidiaries under the 2006 Credit Facility are secured by liens on all personal property of the Company and its subsidiaries. No amounts were outstanding under the revolving credit facility at June 29, 2008.

As described further under "Subsequent Events" in order to fund the increase in working capital requirements associated with DesignPac, and to provide for additional operational flexibility, on August 28, 2008, the Company entered into a $293.0 million Amended and Restated Credit Agreement with JPMorgan Chase Bank N.A., as administrative agent, and a group of lenders (the "2008 Credit Facility"). The 2008 Credit Facility provides for borrowings of up to $293.0 million, including: (i) a $165.0 million revolving credit commitment, (ii) $60.0 million of new term loan debt, and (iii) $68.0 million of existing term loan debt associated with the Company's previous credit facility. Interest is at LIBOR plus 1.5% to 2.5% for the Company's existing term loan and revolving credit facility, and LIBOR plus 2.0% to 3.0%, for the Company's new term loan, with pricing based upon the Company's leverage ratio.

(2) Commercial note - Bank note relating to obligations arising from, and collateralized by, the underlying assets of the Company's Plow & Hearth facility in Madison, Virginia. The note, dated June 27, 2003, in the amount of $6.6 million, bears interest at 5.44% per annum, and resulted from the consolidation and refinancing of a series of fixed and variable rate mortgage and equipment notes. The note is payable in 60 equal monthly installments of principal and interest commencing August 1, 2003, of which $0.1 million is outstanding at June 29, 2008.

As of June 29, 2008, long-term debt maturities, excluding amounts relating to capital leases, are as follows:

Year	Debt Maturities
	(in thousands)
2009	$12,886
2010	12,750
2011	17,000
2012	25,500
	$68,136

Note 9. Income Taxes

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109, or FIN 48, on July 2, 2007. The Company did not have any significant unrecognized tax benefits and there was no material effect on its financial condition or results of operations as a result of implementing FIN 48.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The tax years that remain subject to examination are fiscal 2003 through fiscal 2006. The Company does not believe there

will be any material changes in its unrecognized tax positions over the next twelve months.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of the date of adoption of FIN 48, the Company did not have any material accrued interest or penalties associated with any unrecognized tax benefits, nor was any material interest expense recognized during the year.

Significant components of the income tax provision are as follows:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands)		
Current provision:			
Federal	**$ 2,207**	$ (275)	$ 351
State	**1,528**	1,841	655
	3,735	1,566	1,006
Deferred provision:			
Federal	**8,767**	9,082	2,120
State	**(186)**	1,243	55
	8,581	10,325	2,175
Income tax provision	**$ 12,316**	$ 11,891	$ 3,181

A reconciliation of the U.S. federal statutory tax rate to the Company's effective tax rate is as follows:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
Tax at U.S. statutory rates	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**3.1**	6.9	7.3
Non-deductible stock-based compensation	**0.1**	1.7	8.5
Non-deductible goodwill amortization	**0.3**	0.4	2.2
Tax credits	**(0.8)**	(0.4)	(5.0)
Tax settlements	**(0.4)**	(3.1)	—
Other, net	**(0.4)**	0.5	2.0
	36.9%	41.0%	50.0%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands)		
Deferred income tax assets:			
Net operating loss carryforwards	**$ 3,483**	$12,944	$25,963
Accrued expenses and reserves	**5,876**	6,318	6,325
Stock-based compensation	**3,407**	2,529	1,098
Deferred income tax liabilities:			
Other intangibles	**(8,834)**	(9,112)	(9,285)
Installment sales	**—**	—	(25)
Tax in excess of book depreciation	**(1,482)**	(1,649)	(425)
Net deferred income tax assets	**$ 2,450**	$11,030	$23,651

At June 29, 2008, the Company's federal net operating loss carryforwards were approximately $4.5 million, which, if not utilized, will begin to expire in fiscal year 2025.

Note 10. Capital Stock

Holders of Class A common stock generally have the same rights as the holders of Class B common stock, except that holders of Class A common stock have one vote per share and holders of Class B common stock have 10 votes per share on all matters submitted to the vote of stockholders. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters presented to the stockholders for their vote or approval, except as may be required by Delaware law. Class B common stock may be converted into Class A common stock at any time on a one-for-one share basis. Each share of Class B common stock will automatically convert into one share of Class A common stock upon its transfer, with limited exceptions.

On January 21, 2008, the Company's Board of Directors authorized an increase to its stock repurchase plan which, when added to the $8.7 million remaining on its earlier authorization, increased the amount available for repurchase to $15.0 million. Any such purchases could be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program will be financed utilizing available cash. As of June 29, 2008, $14.0 remains authorized but unused.

Under this program, as of June 29, 2008, the Company had repurchased 1,660,786 shares of common stock for $12.3 million, of which $1.1 million (133,609 shares), $0.2 million (24,627 shares) and $1.3 million (182,000 shares) were repurchased during the fiscal years ending June 29, 2008, July, 1 2007 and July 2, 2006, respectively. In a separate transaction, during fiscal 2007, the Company's Board of Directors authorized the repurchase of 3,010,740 shares from an affiliate. The purchase price was $15,689,000 or $5.21 per share. The repurchase was approved by the disinterested members of the Company's Board of Directors and was in addition to the Company's existing stock repurchase authorization.

Note 11. Stock Based Compensation

The Company has stock options and restricted stock awards outstanding to participants under the 1-800-FLOWERS.COM 2003 Long Term Incentive and Share Award Plan (the "Plan"). Options are also outstanding under the Company's 1999 Stock Incentive Plan, but no further options may be granted under this plan. The Plan is a broad-based, long-term incentive program that is intended to attract, retain and motivate employees, consultants and directors to achieve the Company's long-term growth and profitability objectives, and therefore align stockholder and employee interests. The Plan provides for the grant to eligible employees, consultants and directors of stock options, share appreciation rights ("SARs"), restricted shares, restricted share units, performance shares, performance units, dividend equivalents, and other share-based awards (collectively "Awards").

The Plan is administered by the Compensation Committee or such other Board committee (or the entire Board) as may be designated by the Board (the "Committee"). Unless otherwise determined by the Board, the Committee will consist of two or more members of the Board who are non-employee directors within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Committee will determine which eligible employees, consultants and directors receive awards, the types of awards to be received and the terms and conditions thereof. The Chief Executive Officer shall have the power and authority to make Awards under the Plan to employees and consultants not subject to Section 16 of the Exchange Act, subject to limitations imposed by the Committee.

At June 29, 2008, the Company has reserved approximately 14.2 million shares of common stock for issuance, including options previously authorized for issuance under the 1999 Stock Incentive Plan.

The amounts of stock-based compensation expense recognized in the periods presented are as follows:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands, except per share data)		
Stock options	**$1,416**	$2,736	$3,710
Restricted stock awards	**2,118**	1,864	626
Total	**3,534**	4,600	4,336
Deferred income tax benefit	**1,333**	1,353	1,120
Stock-based compensation expense, net	**$2,201**	$3,247	$3,216

Stock based compensation expense is recorded within the following line items of operating expenses:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands)		
Marketing and sales	**$1,051**	$1,605	$1,504
Technology and development	**546**	690	642
General and administrative	**1,937**	2,305	2,190
Total	**$3,534**	$4,600	$4,336

Stock-based compensation expense has not been allocated between business segments, but is reflected in Corporate. (Refer to Note 13 – Business Segments.)

Stock Options Plans

The weighted average fair value of stock options on the date of grant, and the assumptions used to estimate the fair value of the stock options using the Black-Scholes option valuation model, were as follows:

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
Weighted average fair value of options granted	**$4.36**	$3.29	$3.16
Expected volatility	**45%**	46%	46%
Expected life (in years)	**5.3**	5.3	5.3
Risk-free interest rate	**4.1%**	4.6%	4.6%
Expected dividend yield	**0.0%**	0.0%	0.0%

The expected volatility of the option is determined using historical volatilities based on historical stock prices. The Company estimated the expected life of options granted to be the average of the Company's historical expected term from vest date and the midpoint between the average vesting term and the contractual term. The risk-free interest rate is determined using the yield available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the option. The Company has never paid a dividend, and as such the dividend yield is 0.0%.

The following table summarizes stock option activity during the year ended June 29, 2008:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (000s)
Outstanding – beginning of period	9,152,665	$8.10		
Granted	201,000	$9.50		
Exercised	(1,049,839)	$4.50		
Forfeited/Expired	(431,482)	$9.65		
Outstanding – end of period	7,872,344	$8.47	4.0 years	$5,364
Options vested or expected to vest at end of period	7,669,842	$8.49	3.9 years	$5,336
Exercisable at end of period	6,731,372	$8.63	3.5 years	$5,208

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the company's closing stock price on the last trading day of fiscal 2008 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on June 29, 2008. This amount changes based on the fair market value of the company's stock. The total intrinsic value of options exercised for the years ended June 29, 2008, July 1, 2007 and July 2, 2006 was $5.9 million, $1.0 million, and $0.3 million, respectively.

The following table summarizes information about stock options outstanding at June 29, 2008:

	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
$ 2.00 - 4.50	1,722,735	2.1 years	$ 4.03	1,722,735	$ 4.03
$ 5.25 - 6.52	1,940,662	5.2 years	$ 6.39	1,537,162	$ 6.40
$ 6.58 - 8.45	1,713,463	6.0 years	$ 7.42	1,118,451	$ 7.26
$ 8.56 - 12.87	1,947,438	3.5 years	$12.04	1,804,978	$12.21
$ 13.05 - 21.00	548,046	1.2 years	$20.33	548,046	$20.33
	7,872,344	4.0 years	$ 8.47	6,731,372	$ 8.63

As of June 29, 2008, the total future compensation cost related to nonvested options not yet recognized in the statement of income was $2.4 million and the weighted average period over which these awards are expected to be recognized was 1.6 years.

The Company grants shares of Common Stock to its employees that are subject to restrictions on transfer and risk of forfeiture until fulfillment of applicable service conditions and, in certain cases, holding periods (Restricted Stock). In fiscal 2005, the Company recorded the grant date fair value of unvested shares of Restricted Stock as unearned stock-based compensation ("Deferred Compensation"). In accordance with SFAS No. 123(R), in fiscal 2006, the Company reclassified the balance of Deferred Compensation against additional paid-in capital, and reduced its shares of Class A Common Stock issued accordingly.

The following table summarizes the activity of non-vested restricted stock during the year ended June 29, 2008:

	Shares	Weighted Average Grant Date Fair Value
Non-vested – beginning of period	1,101,982	$ 5.70
Granted	665,399	$11.40
Vested	(18,677)	$ 7.44
Forfeited	(473,551)	$ 8.57
Non-vested – end of period	1,275,153	$ 7.58

The fair value of nonvested shares is determined based on the closing stock price on the grant date. As of

June 29, 2008, there was $4.4 million of total unrecognized compensation cost related to non-vested restricted stock-based compensation to be recognized over a weighted-average period of 1.7 years.

Note 12. Profit Sharing Plan

The Company has a 401(k) Profit Sharing Plan covering substantially all of its eligible employees. All full-time employees who have attained the age of 21 are eligible to participate upon completion of one year of service. Participants may elect to make voluntary contributions to the 401(k) plan in amounts not exceeding federal guidelines. On an annual basis the Company, as determined by its board of directors, may make certain discretionary contributions. Employees are vested in the Company's contributions based upon years of service. The Company made contributions of $0.7 million, $0.5 million, and $0.4 million, for the years ended June 29, 2008, July 1, 2007 and July 2, 2006, respectively.

During fiscal 2008, the Company adopted a nonqualified supplemental deferred compensation plan for certain executives pursuant to Section 409A of the Internal Revenue Code. Participants can defer from 1% up to a maximum of 100% of salary and performance and non-performance based bonus. The Company will match 50% of the deferrals made by each participant during the applicable period, up to a maximum of $2,500. Employees are vested in the Company's contributions based upon years of participation in the plan. Distributions will be made to Participants upon termination of employment or death in a lump sum, unless installments are selected.

Note 13. Business Segments

During the first quarter of fiscal 2007, the Company segmented its organization to improve execution and customer focus and to align its resources to meet the demands of the markets it serves. The Company's management reviews the results of the Company's operations by the following four business categories:

- 1-800-Flowers.com Consumer Floral;
- BloomNet Wire Service;
- Gourmet Food and Gift Baskets; and
- Home and Children's Gifts.

Category performance is measured based on contribution margin, which includes only the direct controllable revenue and operating expenses of the categories. As such, management's measure of profitability for these categories does not include the effect of corporate overhead (see * below), which are operated under a centralized management platform, providing services throughout the organization, nor does it include stock-based compensation, depreciation and amortization, other income (net), and income taxes. Assets and liabilities are reviewed at the consolidated level by management and not accounted for by category.

Net Revenues

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands)		
Net revenues:			
1-800-Flowers.com Consumer Floral	**$491,696**	$491,404	$452,188
BloomNet Wire Service	**53,488**	44,379	29,884
Gourmet Food & Gift Baskets	**196,298**	192,698	105,002
Home & Children's Gifts	**180,181**	186,948	196,919
Corporate (*)	**2,431**	1,652	1,388
Intercompany eliminations	**(4,702)**	(4,483)	(3,640)
Total net revenues	**$919,392**	$912,598	$781,741

Operating Income

	Years Ended		
	June 29, 2008	July 1, 2007	July 2, 2006
	(in thousands)		
Category Contribution Margin:			
1-800-Flowers.com Consumer Floral	**$ 62,967**	$ 64,580	$ 46,518
BloomNet Wire Service	**18,509**	14,169	7,106
Gourmet Food & Gift Baskets	**24,593**	26,377	6,827
Home & Children's Gifts	**3,438**	(1,215)	7,134
Category Contribution Margin Subtotal	**109,507**	103,911	67,585
Corporate (*)	**(51,777)**	(51,081)	(45,311)
Depreciation and amortization	**(20,363)**	(17,837)	(15,765)
Operating income (loss)	**$ 37,367**	$ 34,993	$ 6,509

(*) Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among others, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized manage-

ment platform, providing support services throughout the organization. The costs of these functions, other than those of the Customer Service Center which are allocated directly to the above categories based upon usage, are included within corporate expenses, as they are not directly allocable to a specific category.

Note 14. Commitments and Contingencies

Leases

The Company currently leases office, store facilities, and equipment under various operating leases through fiscal 2019. As these leases expire, it can be expected that in the normal course of business they will be renewed or replaced. Most lease agreements contain renewal options and rent escalation clauses and require the Company to pay real estate taxes, insurance, common area maintenance and operating expenses applicable to the leased properties. The Company has also entered into leases that are on a month-to-month basis. All leases and subleases with an initial term of greater than one year are accounted for under SFAS No. 13, *Accounting for Leases*. These leases are classified as either capital leases, operating leases or subleases, as appropriate.

As of June 29, 2008 future minimum payments under non-cancelable capital lease obligations and operating leases with initial terms of one year or more consist of the following:

	Obligations Under Capital Leases	Operating Leases
	(in thousands)	
2009	14	$14,863
2010	13	11,906
2011	13	10,279
2012	13	8,938
2013	6	7,666
Thereafter	—	25,070
Total minimum lease payments	$ 59	$78,722
Less amounts representing interest	(7)	
Present value of net minimum lease payments	$ 52	

At June 29, 2008, the aggregate future sublease rental income under long-term operating sub-leases for land and buildings and corresponding rental expense under long-term operating leases were as follows:

	Sublease Income	Sublease Expense
	(in thousands)	
2009	$2,814	$2,814
2010	1,940	1,940
2011	1,384	1,384
2012	933	933
2013	550	550
Thereafter	886	886
	$8,507	$8,507

Rent expense was approximately $19.8 million, $18.9 million, and $13.7 million for the years ended June 29, 2008, July 1, 2007 and July 2, 2006, respectively.

Litigation

There are various claims, lawsuits, and pending actions against the Company and its subsidiaries incident to the operations of its businesses. It is the opinion of management, after consultation with counsel, that the ultimate resolution of such claims, lawsuits and pending actions will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

In the Company's Form 10Q for the quarterly period ended March 30, 2008, the Company disclosed that in October 2007, 1-800-Flowers.Com., Inc. and its subsidiary, 1-800-Flowers Retail, Inc., (collectively "the Company"), were served with a purported nationwide class action lawsuit filed in the United States District Court, in and for the Southern District of Florida (*Grabein v. 1-800-Flowers.Com., Inc., et al*; Case No. 07-22235). The Complaint alleged violation of the Federal Fair and Accurate Credit Transaction Act ("FACTA") based upon the allegation that the Company printed/provided receipts to consumers at the point of sale or transaction on which receipts appeared more than the last five digits of customers' credit or debit card numbers and/or the expiration dates of such cards. The Complaint did not specify any actual damages for any member of the purported class. However, the Complaint sought statutory damages of $100 to $1,000 for each alleged willful violation of the statute, as well as attorneys' fees, costs, punitive damages and a permanent injunction. The Company vigorously defended the action and on June 13, 2008, the presiding Judge issued a Final Order of Dismissal whereby the case was dismissed with prejudice and no payment of any kind was made by the Company or its subsidiary.

Note 15. Subsequent Events

Acquisition of Napco Marketing Corp.

On July 21, 2008, the Company acquired selected assets of Napco Marketing Corp. (Napco), a wholesale merchandiser and marketer of products designed primarily for the floral industry. The purchase price of approximately $9.5 million included the acquisition of a fulfillment center located in Jacksonville, FL, inventory, and certain other assets, as well as the assumption of certain related liabilities, including their seasonal line of credit of approximately $4.0 million. The acquisition was financed utilizing a combination of available cash generated from operations and through borrowings against the Company's revolving credit facility, which as described below, was subsequently amended by the Company's 2008 Credit Facility. The purchase price is subject to "earn-out" incentives which amount to a maximum of $1.6 million through the years ending July 2, 2012, upon achievement of specified performance targets.

2008 Credit Facility

On August 28, 2008, the Company entered into a $293.0 million Amended and Restated Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and a group of lenders (the "2008 Credit Facility"). The 2008 Credit Facility provides for borrowings of up to $293.0 million, including: (i) a $165.0 million revolving credit commitment, (ii) $60.0 million of new term loan debt, and (iii) $68.0 million of existing term loan debt associated with the Company's previous credit facility. Interest is at LIBOR plus 1.5% to 2.5% for the Company's existing term loan and revolving credit facility, and LIBOR plus 2.0% to 3.0%, for the Company's new term loan, with pricing based upon the Company's leverage ratio. At closing of the 2008 Credit Facility, the Company utilized the proceeds of the new term loan to pay down amounts outstanding under its previous revolving credit facility. The repayment terms of the existing term loan remain unchanged, while the new term loan is required to be repaid in equal quarterly installments of $3.0 million beginning in December 2008, with the final installment payment due on August 28, 2013. The 2008 Credit Facility contains various conditions to borrowing, and affirmative and negative financial covenants. The obligations of the Company and its subsidiaries under the 2008 Credit Facility are secured by liens on all personal property of the Company and its subsidiaries.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
1-800-FLOWERS.COM, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of 1-800-FLOWERS.COM, Inc. and Subsidiaries (the "Company") as of June 29, 2008 and July 1, 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended June 29, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of 1-800-FLOWERS.COM, Inc. and Subsidiaries at June 29, 2008 and July 1, 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 29, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 9 to the consolidated financial statements the Company adopted FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109," effective July 2, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), 1-800-FLOWERS.COM, Inc. and Subsidiaries' internal control over financial reporting as of June 29, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 10, 2008 expressed an unqualified opinion thereon.

Ernst & Young LLP

Melville, New York
September 10, 2008

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13-a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effectuated by the Company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

• pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

• provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and

• provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of June 29, 2008. In making this assessment, management used the criteria established in "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management believes that, as of June 29, 2008 the Company's internal control over financial reporting is effective.

The Company acquired DesignPac Gifts LLC on April 30, 2008, and has excluded the acquired company from its assessment of and conclusion on the effectiveness of internal control over financial reporting. The acquired business constituted approximately 10.0% of total assets as of June 29, 2008, and less than one percent of revenues for the fiscal year then ended.

Ernst & Young LLP, the Company's independent registered public accounting firm, has issued a report on the effectiveness of the Company's internal control over financial reporting, as of June 29, 2008; their report is included on the following page.

James F. McCann
Chief Executive Officer
Chairman of the Board of Directors
(Principal Executive Officer)

William E. Shea
Senior Vice President Finance and Administration
(Principal Financial and Accounting Officer)

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
1-800-FLOWERS.COM, Inc. and Subsidiaries

We have audited 1-800-FLOWERS.COM, Inc. and Subsidiaries (the "Company") internal control over financial reporting as of June 29, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of DesignPac Gifts LLC, which is included in the fiscal 2008 consolidated financial statements of the Company and constituted approximately 10.0% of total assets as of June 29, 2008 and less than one percent of revenues for the fiscal year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of DesignPac Gifts LLC.

In our opinion, 1-800-FLOWERS.COM, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 29, 2008, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of 1-800-FLOWERS.COM, Inc. and Subsidiaries as of June 29, 2008 and July 1, 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended June 29, 2008 and our report dated September 10, 2008 expressed an unqualified opinion thereon.

Ernst & Young LLP

Melville, New York
September 10, 2008

Market for Common Equity and Related Stockholder Matters

Market Information

1-800-FLOWERS.COM's Class A common stock trades on The Nasdaq Stock Market under the ticker symbol "FLWS." There is no established public trading market for the Company's Class B common stock. The following table sets forth the reported high and low sales prices for the Company's Class A common stock for each of the fiscal quarters during the fiscal years ended June 29, 2008 and July 1, 2007.

	High	Low
Year ended June 29, 2008		
July 2, 2007 – September 30, 2007	$12.38	$ 8.47
October 1, 2007 – December 30, 2007	$13.42	$ 8.66
December 31, 2007 – March 30, 2008	$ 9.00	$ 6.35
March 31, 2008 – June 29, 2008	$ 9.26	$ 6.51
Year ended July 1, 2007		
July 3, 2006 – October 1, 2006	$ 6.10	$ 4.33
October 2, 2006 – December 31, 2006	$ 6.35	$ 4.94
January 1, 2007 – April 1, 2007	$ 8.00	$ 5.84
April 2, 2007 – July 1, 2007	$ 9.47	$ 7.66

Rights of Common Stock

Holders of Class A common stock generally have the same rights as the holders of Class B common stock, except that holders of Class A common stock have one vote per share and holders of Class B common stock have 10 votes per share on all matters submitted to the vote of stockholders. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters presented to the stockholders for their vote or approval, except as may be required by Delaware law. Class B common stock may be converted into Class A common stock at any time on a one-for-one share basis. Each share of Class B common stock will automatically convert into one share of Class A common stock upon its transfer, with limited exceptions.

Holders

As of September 4, 2008, there were approximately 271 stockholders of record of the Company's Class A common stock, although the Company believes that there is a significantly larger number of beneficial owners. As of September 4, 2008, there were approximately 22 stockholders of record of the Company's Class B common stock.

Dividend Policy

Although the Company has never declared or paid any cash dividends on its Class A or Class B common stock, the Company anticipates that it will generate increasing free cash flow in excess of its capital investment requirements. Although the Company has no current intent to do so, the Company may choose, at some future date, to use some portion of its cash for the purpose of cash dividends.

Resales of Securities

36,923,032 shares of Class A and Class B common stock are "restricted securities" as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market from time to time only if registered or if they qualify for an exemption from registration under Rule 144 or 701 under the Securities Act. As of September 4, 2008, all of such shares of the Company's common stock could be sold in the public market pursuant to and subject to the limits set forth in Rule 144. Sales of a large number of these shares could have an adverse effect on the market price of the Company's Class A common stock by increasing the number of shares available on the public market.

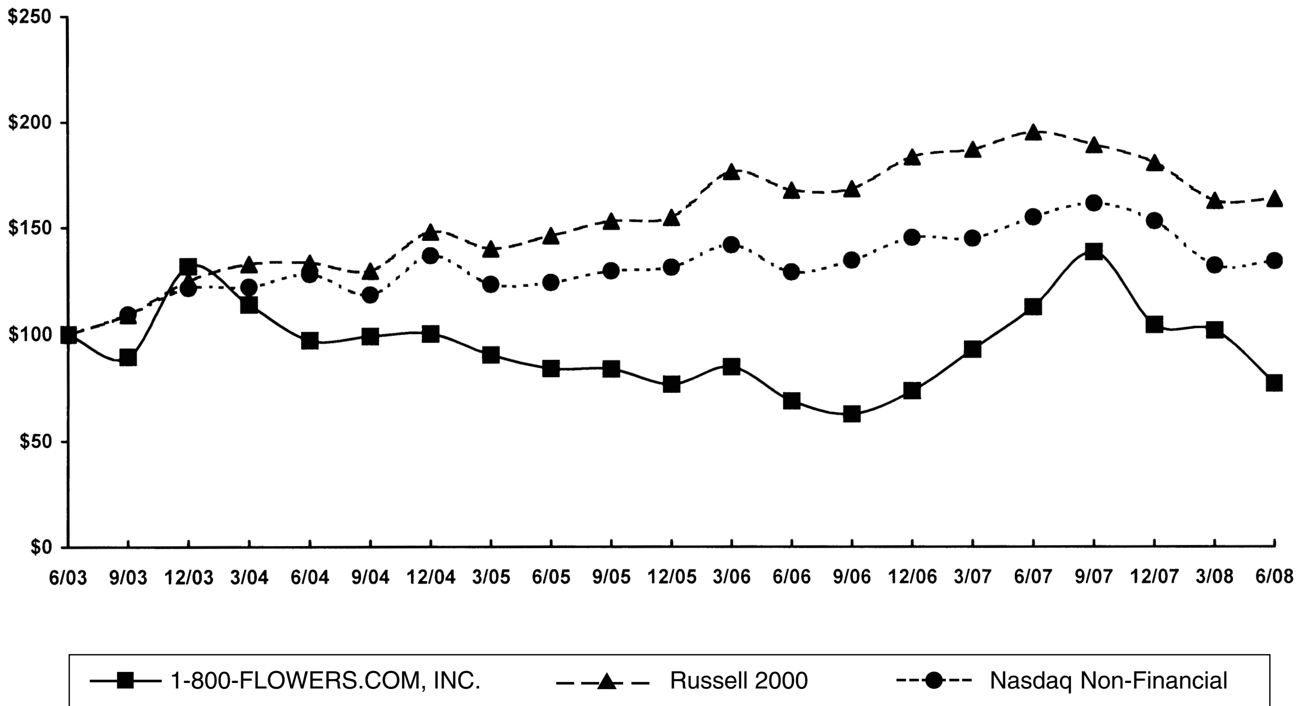
Purchases of Equity Securities by the Issuer

On January 21, 2008, the Company's Board of Directors authorized an increase to its stock repurchase plan which, when added to the $8.7 million remaining on its earlier authorization, increased the amount available for repurchase to $15.0 million. Any such purchases could be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program will be financed utilizing available cash. As of June 29, 2008, $14.0 remains authorized but unused.

Under this program, as of June 29, 2008, the Company had repurchased 1,660,786 shares of common stock for $12.3 million, of which $1.1 million (133,609 shares), $0.2 million (24,627 shares) and $1.3 million (182,000 shares) were repurchased during the fiscal years ending June 29, 2008, July, 1 2007 and July 2, 2006, respectively. In a separate transaction, during fiscal 2007, the Company's Board of Directors authorized the repurchase of 3,010,740 shares from an affiliate. The purchase price was $15,689,000 or $5.21 per share. The repurchase was approved by the disinterested members of the Company's Board of Directors and was in addition to the Company's existing stock repurchase authorization.

*Comparison of 5 Year Cumulative Total Return**

Among 1-800-FLOWERS.COM, Inc., the Russell 2000 Index and the NASDAQ Non-Financial Index



*$100 invested on 6/30/03 in stock & index-including reinvestment of dividends.
Fiscal year ending June 30.

1·800·FLOWERS.COM, INC.

One Old Country Road, Suite 500
Carle Place, NY 11514
(516) 237-6000

STOCK EXCHANGE LISTING
NASDAQ Global Select Market
Ticker Symbol: FLWS

TRANSFER AGENT AND REGISTRAR
American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, New York 11219
(718) 921-8200

INDEPENDENT AUDITORS
Ernst & Young LLP
395 North Service Road
Melville, New York 11747
(631) 752-6100

SEC COUNSEL
Cahill Gordon and Reindel LLP
80 Pine Street
New York, NY 10005
(212) 701-3000

SHAREHOLDER INQUIRIES
Copies of the Company's reports on Forms 10-K and 10-Q as filed with the Securities and Exchange Commission and additional information about 1-800-FLOWERS.COM may be obtained by visiting the Investor Relations section at www.1800flowers.com, by calling 516-237-6113, or by writing to:

Investor Relations
1-800-FLOWERS.COM, Inc.
One Old Country Road, Suite 500
Carle Place, NY 11514

1-800-flowers.com[SM]

greatfood

Fannie May®

Cheryl&Co.

bloomnet
World-Class Florists Worldwide Delivery

THE POPCORN FACTORY

Wind & Weather

1·800·FLOWERS.COM, INC.

One Old Country Road, Suite 500, Carle Place, NY 11514

(516) 237-6000 • www.1800flowers.com

WINE TASTING NETWORK

Plow & Hearth

1·800·baskets.com
special gifts. everytime.

HARRY LONDON® QUALITY CHOCOLATES SINCE 1922

MAGIC CABIN

HearthSong