1-800-FLOWERS.COM, INC.

2016 Annual Report

innovation

1-800-flowers.com

Harry & David
Since 1934
MEDFORD, OREGON USA

THE POPCORN FACTORY

Cheryl's cookies

1-800-baskets.com

Fannie May
FINE CHOCOLATES SINCE 1920

STOCK YARDS
SINCE 1893
WORLD'S FINEST STEAKS & CHOPS

a Harry & David brand
orchard table
eat share live

Fanny Farmer

fruit bouquets
by 1800Flowers.com

HARRY LONDON
GOURMET CHOCOLATES EST. 1922

MOOSE MUNCH
PREMIUM POPCORN

WOLFERMAN'S
A TRADITION OF FINE BAKING
Since 1888

napco

DesignPac

bloomnet
World-Class Florists Worldwide Delivery

DELIVERING SMILES, DRIVING GROWTH

Always Innovating

1-800-FLOWERS.COM and its brands have always been on the leading edge of innovation. An example is the creation of the world's first "of the month" gift club – the iconic Harry & David® Fruit-of-the-Month Club®. Other pioneering accomplishments include being the first company to adopt an 800 telephone number as its name, the first merchant to conduct a transaction on AOL, and the floral industry's first mobile commerce gift center. Today, the innovations continue with truly original product ideas such as the "Fabulous Feline" collection of floral cats and many other unique products designed to deliver smiles. In fiscal 2016, 1-800-FLOWERS.COM also adopted several exciting new technologies – including "Bots" for Facebook Messenger that interact with customers using natural language, as well as the ability for customers to place orders using voice commands via Amazon Alexa. In addition, the Company introduced "Gwyn" (Gifts When You Need) – an online personal gift concierge built on artificial intelligence and powered by IBM Watson.

About 1-800-FLOWERS.COM, Inc.

1-800-FLOWERS.COM, Inc. is a leading provider of gourmet food and floral gifts for all occasions. For the past 40 years, 1-800-FLOWERS® (1-800-356-9377 or www.1800flowers.com) has been helping deliver smiles for our customers with gifts for every occasion, including fresh flowers and the finest selection of plants, gift baskets, gourmet foods, confections, candles, balloons and plush stuffed animals. As always, our 100% Smile Guarantee® backs every gift. The company's Celebrations® suite of services including Celebrations Passport® Free Shipping/No Service Charge program, Celebrations Rewards® and Celebrations Reminders℠, are all designed to engage with customers and deepen relationships as a one-stop destination for all celebratory and gifting occasions. In 2016, 1-800-Flowers.com was awarded a Silver Stevie "e-Commerce Customer Service" Award, recognizing the company's innovative use of online technologies and social media to service the needs of customers. In addition, 1-800-FLOWERS.COM, Inc. was recognized as one of Internet Retailer's Top 300 B2B e-commerce companies and was also recently named in Internet Retailer's 2016 Top Mobile 500 as one of the world's leading mobile commerce sites. The company was included in Internet Retailer's 2015 Top 500 for fast growing e-commerce companies. In 2015, 1-800-Flowers.com was named a winner of the "Best Companies to Work for in New York State" Award by The New York Society for Human Resource Management (NYS-SHRM). 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 premium, gift-quality fruits and other gourmet items from Harry & David® (1-877-322-1200 or www.harryanddavid.com), popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); cookies and baked gifts from Cheryl's®(1-800-443-8124 or www.cheryls.com); premium chocolates and confections from Fannie May® (www.fanniemay.com and www.harrylondon.com); gift baskets and towers from 1-800-Baskets.com® (www.1800baskets.com); premium English muffins and other breakfast treats from Wolferman's® (1-800-999-1910 or www.wolfermans.com); carved fresh fruit arrangements from FruitBouquets.com (www.fruitbouquets.com); and top quality steaks and chops from Stock Yards® (www.stockyards.com). Shares in 1-800-FLOWERS.COM, Inc. are traded on the NASDAQ Global Select Market, ticker symbol: FLWS.

Financial Highlights

(From Continuing Operations)

	JULY 3, 2016	JUNE 28, 2015	JUNE 29, 2014	JUNE 30, 2013	JULY 1, 2012
	(in millions, except percentages and per share data)				
Total Net Revenues	$1,173.0	$1,121.5	$756.3	$735.5	$707.5
Gross Profit Margin	44.1%	43.4%	41.7%	41.5%	41.4%
Operating Expense Ratio	40.4%	40.1%	38.6%	38.0%	38.5%
Adjusted EBITDA[(1)]	$ 85.8[(2)]	$ 80.5[(3)]	$ 48.2	$ 48.9	$ 44.3[(4)]
Adjusted EPS	$ 0.43[(2)]	$ 0.34[(3)]	$ 0.22	$ 0.24	$ 0.20

(1) Excluding stock-based compensation.

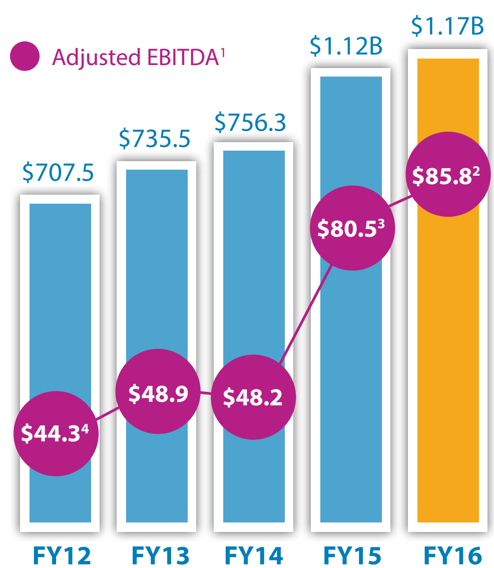
(2) Adjusted EBITDA and Adjusted EPS for fiscal 2016 exclude one-time costs for severance and integration of Harry & David, as well as the settlement of litigation. Adjusted EPS for fiscal 2016 also excludes the loss incurred on the sale of iFlorist, the impairment of a foreign equity investment, and the gain from the Fannie May warehouse fire insurance recovery. Fiscal 2016 EPS as reported was $0.55.

(3) Pro forma for comparability: Includes Harry & David's fiscal 2015 first quarter loss in order to present comparable full-year results: Adjusted EBITDA and Adjusted EPS for fiscal 2015 exclude one-time costs associated with the acquisition and integration of Harry & David and the impact of the Fannie May warehouse fire in November 2014; Fiscal 2015 Adjusted EBITDA as reported was $95.3MM and fiscal 2015 Adjusted EPS as reported was $0.51.

(4) Fiscal 2012 EBITDA was adjusted to exclude a gain on the sale of Fannie May stores.

Total Revenues

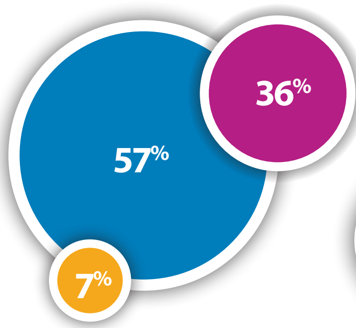
(From Continuing Operations In Millions)



FY16 % Revenues

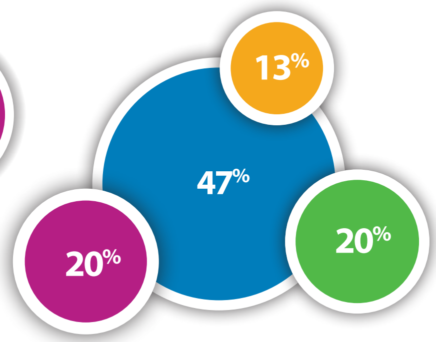
by Category

- *Gourmet Food & Gift Baskets*
- *Consumer Floral*
- *BloomNet® Wire Service*



by Season

- *July – September (Fiscal 1st Quarter)*
- *October – December (Fiscal 2nd Quarter)*
- *January – March (Fiscal 3rd Quarter)*
- *April – June (Fiscal 4th Quarter)*



Fiscal 2016 Achievements

- Grew revenues 4.6 percent to $1.17 Billion
- Grew Adjusted EBITDA[(2)] (excluding stock-based compensation) 6.6 percent to $85.8 Million
- Grew Adjusted EPS[(2)] 26.5 percent to $0.43
- Continued successful integration of Harry & David, increasing expected synergy savings to $20 Million

Financial Report Insert

See inside rear cover pocket

To Our Shareholders

We are pleased to report another solid year of top and bottom line growth for our company. In fact, Fiscal 2016 was a good year on a number of fronts. First, we made excellent progress executing on our vision to build what we call our "Celebratory Ecosystem" which includes our all-star collection of gifting brands and an ever increasing suite of products and services designed to help our customers deliver smiles to the important people in their lives.

We also continued to make progress in our integration initiatives, which began with our acquisition of Harry & David and has now evolved into a holistic approach to how we view and operate our entire company. A key feature of this approach is that we are focused on proactively identifying and sharing best practices across all of our operations and key functional areas. This focus has already provided benefits, enabling us to exceed our original estimates for operating synergies, which is now at $20 million over three years – $10 million of which we have already captured.

On March 9, 2016 the Company announced that Jim McCann, Founder, Chairman and CEO, was transitioning to the position of Executive Chairman and Chris McCann, President, adding the title of Chief Executive Officer. The announcement coincided with the 40th anniversary of the Company's founding and is an integral part of its long-term succession plan. As Executive Chairman, Jim continues to be involved with the Company in his role overseeing its management talent evaluation and development, M&A and business development and long-term strategic planning. Chris, who has been steering the Company's day-to-day operations as President since 2000, has expanded his responsibilities for overseeing the Company's operational and organization processes, including the development and execution of the Company's annual and longer-term operating and financial plans.

Pursuing Multiple Revenue Growth Synergies

While continuing to execute against our initiatives to drive operating cost synergies, during the year we also began to turn more focus on pursuing the numerous revenue synergies that we see across our business platform, including:

- increased cross-brand marketing and merchandising;
- improved customer data analytics and an expanded suite of CRM tools for our growing customer database;
- new brand and product introductions for our wholesale channels;
- and new initiatives to accelerate growth in corporate gifting.

During the year, we also enhanced our ability to increase multi-brand customers – a key long-term growth strategy – by completing the migration of all of our brands onto the multi-brand website. This enables us to enhance our cross-brand marketing and merchandising programs – and begin to accelerate our marketing initiatives, including Celebrations Passport free shipping program, Celebrations Rewards and Celebrations Reminders – programs that are all designed to enhance our customers' experience.

Solid Performance Across All Three Segments

In addition to the progress we achieved in these important areas, during the year we saw some positive trends in all three of our business segments.

In Consumer Floral, 1-800-Flowers continued to extend its market leading position driving solid comparable revenue growth for the year and four more quarters of year-over-year increases in contribution margin. These results reflect several factors, including: our focus on truly original product designs – developed by working directly with our talented local BloomNet florists; our disciplined approach to efficient and effective marketing programs; and, our intense focus on always enhancing our customers' experience – from shopping to delivery – which helped drive exemplary customer satisfaction metrics.

We expect to build on these positive trends going forward and we are confident that the 1-800-Flowers brand can accelerate its revenue growth and further expand its market leadership in fiscal 2017.

In our BloomNet business, revenues were essentially flat year-over-year however we continued to drive strong bottom-line performance, reaching a record high contribution margin of 36 percent of total revenues. This reflects both effective cost management, as well as BloomNet's focus on being the quality and innovation leader in the wire service business. We are confident that BloomNet is well positioned to achieve both top and bottom-line growth in fiscal 2017 when it will benefit from several factors, including: increasing order volumes from growing 1-800-Flowers and florist shop-to-shop orders in everyday occasions, such as Sympathy, as well as from the favorable Valentine's-day placement; increased product sales to an expanded range of wholesale customers; and new web marketing services and digital directory advertising offerings.

In our Gourmet Food segment, strong revenue growth for the year was driven primarily by Harry & David. Here we are gradually building momentum as we begin to pursue the multiple revenue synergy opportunities that we see in our business. Harry & David's revenue contributions, combined with continued solid growth in our Cheryl's and 1-800-Baskets businesses, more than offset lower performance in our Fannie May brand, which is still working its way back from the fire at its warehouse in fiscal 2015. To address Fannie May's performance – and return it to its strong, pre-fire top and bottom-line levels – we've instituted a number of changes, including: significant reductions to the brand's cost structure; enhanced product assortments; new packaging designs; and enhanced store merchandising and local marketing programs. We believe these changes will enable Fannie May to grow its top line, enhance its gross margin and drive significantly improved bottom-line contribution.

Strong Balance Sheet Enables Investments In Key Growth Areas

We finished fiscal 2016 with a strong balance sheet including a low debt ratio and growing cash flows. Inventory at year-end was $103.3 million, reflecting the rebuilding of Fannie May's inventories as well as our decision to build forward some inventory for the upcoming holiday season to help mitigate increasing costs associated with seasonal labor recruitment and wages in the first half of fiscal 2017.

A Culture of Innovation

Importantly, during fiscal 2016 we further illustrated a key feature of our corporate culture – our focus on Innovation. Simply put: innovation is part of our DNA. We have always been intensely focused and committed to being at the forefront of technological innovation and social trends that help shape consumer behavior. During fiscal 2016 we began to leverage some exciting new developments in machine-learning or artificial intelligence (A.I.). We launched the first commerce "bot" on Facebook's Messenger platform, where they now have more than 1 billion monthly active users. We were one of the first external commerce brands integrated onto the Amazon Alexa voice-enabled platform. And, we launched "Gwyn" – our own AI-based gift concierge service, partnering with IBM's Watson platform. These initiatives have positioned us as a first mover in the fast emerging world of "conversational commerce." In addition, we continued to innovate within the rapidly changing landscape for payments, becoming one of the launch partners for Apple on their Apple Pay for desktop and mobile web.

All of these innovations help position us at the forefront of the fast evolving changes we see in customer access, engagement and experience. In addition, they also demonstrate how Facebook, Amazon, IBM and Apple are interested in having our great brands in their ecosystems.

Focus on Sustainable Growth

It's important to note that over the past several years we have nearly doubled our top line through a combination of solid organic growth and our disciplined approach to M&A. We have also, concurrently, more than doubled our bottom line in terms of EBITDA, EPS and Free Cash Flow. We have achieved these results despite rising labor costs and a tightening market for seasonal labor; increasing commodity prices; and unfavorable day placements for the Valentine holiday. As we look ahead, we know there will always be headwinds that we need to manage through, however we are now seeing some nice tailwinds in our business as well. These include the successful integration of Harry & David which is generating both operating synergies as well as significant revenue growth opportunities; the strong momentum in our 1-800-Flowers business, where we now have favorable Valentine's-day placements for the next several years; and the recently completed migration of our brands onto the multi-brand platform, which enables us to drive more cross-brand marketing and merchandising programs and create more multi-brand customers.

Looking Ahead: Accelerating Organic Revenue Growth

We have numerous opportunities available to us that we will seize upon as we move into fiscal 2017. We will carry forward and build upon the momentum we have in our 1-800-Flowers, Harry & David, Cheryl's and 1-800-Baskets brands. We will execute against our initiatives to return Fannie May to its strong, pre-fire performance levels. We will further expand our multi-brand strategy to capture more of our customer's gifting purchases and drive lifetime-value. We will continue to invest in and implement innovative, customer-centric solutions to enhance customer experience. We will further expand best practice initiatives across the company to drive incremental cost and revenue synergies. And, we will continue to differentiate our company as the leader in providing gifting solutions for all occasions. By executing against these opportunities, we are confident that we will drive accelerated organic revenue growth – leverage that growth to further expand margins – and continue to build long-term shareholder value.

We thank you for your continued support.

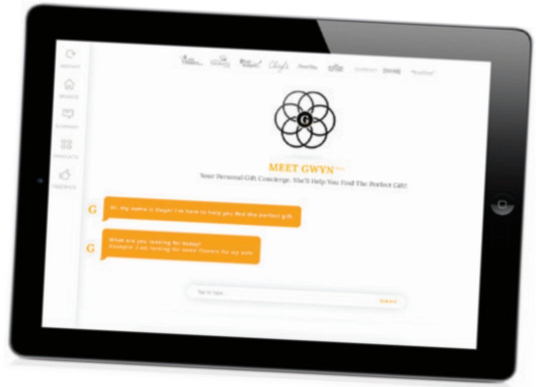
Jim

Jim McCann
Executive Chairman

Chris

Chris McCann
President and CEO

january 2017



Innovation is engrained in the DNA of 1-800-FLOWERS.COM, Inc., illustrated by a history of firsts in adopting new technologies that enhance customer engagement and the customer experience. In fiscal 2016, the Company collaborated with IBM to introduce "Gwyn" (Gifts When You Need), a game-changing conversational commerce technology powered by IBM Watson artificial intelligence. Gwyn interacts with online customers via natural language text chat, serving as a gift concierge and learning about customers' unique gifting needs to assist them in choosing the perfect gift for every occasion. Also during fiscal 2016, the Company embarked on several other innovative technology initiatives, including becoming the first third-party ecommerce retailer to be deployed on the Amazon Alexa voice-enabled platform as well as launching the floral industry's first text-based "bot" for Facebook Messenger.

SUNDAY	MONDAY	TUESDAY
1 New Year's Day	2	3
8	9	10
15	16 Martin Luther King Jr.'s Birthday (observed)	17
22	23	24
29	30	31

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

february 2017

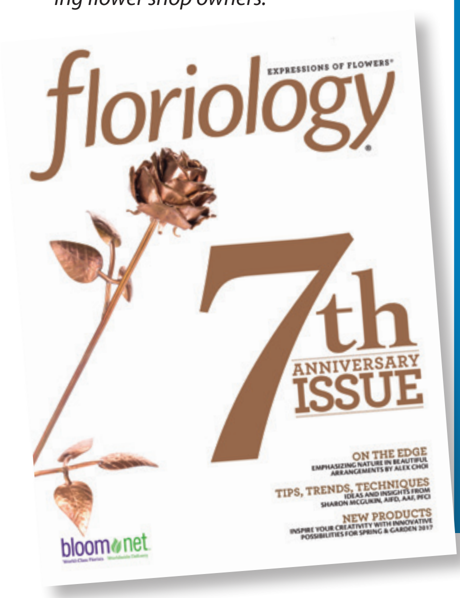
Of all the gifting occasions throughout the year, perhaps none can compare to the romance of Valentine's Day when it comes to connecting with that special someone in our lives. Helping to create an exceptional customer experience on Cupid's big day and every other day all year long is the Company's customer service team. Our highly trained customer service representatives ensure that every customer receives the highest caliber of assistance on everything from advice about selecting the ideal gift, to monitoring the fulfillment of each order. During fiscal 2016, the Company achieved its best customer satisfaction metrics ever – fostering loyalty, generating important customer recommendations and increasing opportunities for repeat business. Underscoring these achievements, 1-800-Flowers.com was awarded a Silver Stevie "e-Commerce Customer Service" Award, recognizing our innovative use of online technologies and social media in servicing customer needs.

SUNDAY	MONDAY	TUESDAY
5	6	7
12	13	14 *Valentine's Day*
19	20 *Presidents' Day*	21
26	27	28


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

march 2017

BloomNet®, the floral industry's leading wire service innovator, offers products and services designed to help thousands of local, professional florists grow their business. In addition to technology solutions designed to enhance productivity and profitability for retail florists, BloomNet is a go-to source for knowledge that can expand florists' revenues. An example is the Floriology Institute™ in Jacksonville, Florida which provides hands-on courses in floral design taught by several of the world's leading design experts...enabling florists to widen their sales possibilities with exciting new floral arrangements reflecting the latest design trends. During fiscal 2016, Floriology Institute began offering florists the opportunity to earn coveted American Institute of Floral Designers "Certified Floral Designer" (CFD) designation. Also an important resource for florists is Floriology® magazine, featuring a wide spectrum of design ideas, best business practices and inspiring success stories highlighting flower shop owners.



SUNDAY	MONDAY	TUESDAY
5	6	7
12	13	14
19	20 *First Day of Spring*	21
26	27	28

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4
8	9	10	11
15	16	17 St. Patrick's Day Deliver Smiles Today	18
22	23	24	25
29	30	31	

april 2017

Millions of customers look to the Company's multi-brand website as a one-stop gifting destination. The site introduces customers to our entire family of brands, helping them solve for more of their year-round gifting needs and thereby generating increased retention and frequency. Complementing this strategy is our "Celebratory Ecosystem" focused on deepening customer relationships through our "All Star" collection of brands and our Celebrations suite of customer engagement services, including: Celebrations Passport® providing free delivery across all our brands for one low annual fee; Celebrations Rewards® enabling customers to build and use points across all brands; and Celebrations Reminders℠ which helps customers remember all the important celebratory and gifting occasions in their lives.

SUNDAY	MONDAY	TUESDAY
2	3	4
9	10 *Passover Begins at Sunset*	11
16 *Easter*	17	18
23 / 30	24 *Administrative Professionals' Week Begins*	25

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 *April Fools Day*
5	6	7	8
12	13	14	15
19	20	21	22
26 *Administrative Professionals' Day* DELIVER SMILES TODAY	27	28	29

may 2017

Thoughtful gifts, unlike just about any other expression of love and kindness, have a special way of making an emotional connection with recipients... delivering smiles to their faces that can light up a room. Of course, Mother's Day offers a great opportunity to express the perfect sentiments. Whether it's an indulgent assortment of spa products, a beautiful floral arrangement, delectable gourmet foods, or a vast range of truly original gifts for Mom's day and for virtually every occasion throughout the year, 1-800-FLOWERS.COM, Inc. makes it easy for customers to create fond memories that can last a lifetime. Adding to the possibilities is a continuously growing spectrum of personalize-able products that can bring a distinctive touch to any gifting experience.

SUNDAY	MONDAY	TUESDAY
	1	2
7	8	9
14 *Mother's Day* DELIVER SMILES TODAY	15	16
21	22	23
28	29 *Memorial Day (observed)*	30

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
3	4	5 *Cinco dé Mayo*	6
10	11	12	13
17	18	19	20
24	25	26	27
31			

june 2017

1-800-FLOWERS.COM, Inc. is honored to have been included in Internet Retailer's 2016 Top Mobile 500 as one of the world's leading mobile commerce sites. Keeping with our commitment to remaining on the forefront of new innovations by adopting state-of-the-art technologies in the mobile world and embracing many other emerging technologies, in fiscal 2016 the Company began offering its customers the convenience of Apple Pay on desktop and mobile web. Using this technology, which is available in Safari on iPhone, iPad and Mac, customers can easily and quickly complete a secure and private payment on www.1800flowers.com with a single touch – enhancing the customer experience by simplifying the checkout process.

SUNDAY	MONDAY	TUESDAY
4	5	6
11	12	13
18 *Father's Day* DELIVER SMILES TODAY	19	20
25	26	27

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3
7	8	9	10
14 *Flag Day*	15	16	17
21 *First Day of Summer*	22	23	24
28	29	30	

july 2017

Everyday gifting is one of the strongest growth areas for 1-800-FLOWERS.COM, Inc. In addition to relying on our family of brands for an immense selection of gifts to celebrate holidays, customers are increasingly coming to us for gifts that can turn any day into a special celebration. For instance, many of our gifts are perfect for sharing at summer gatherings...from a succulent assortment of freshly carved Fruit Bouquets by 1800flowers.com℠, to tempting Fannie May® fine chocolates, to mouthwatering Cheryl's® cookies, as well as many more gourmet treats. Also a growing opportunity is the market for shareable food gifts appropriate for sympathy occasions. With Harry & David®, Fannie May®, 1-800-Baskets.com®, Cheryl's®, and more, we offer a uniquely broad range of shareable gourmet gifts that can be conveniently delivered to the home to be appreciated and enjoyed by family and friends.

SUNDAY	MONDAY	TUESDAY
2	3	4 Independence Day DELIVER SMILES TODAY
9	10	11
16	17	18
23 Parents' Day DELIVER SMILES TODAY / 30	24 / 31	25


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

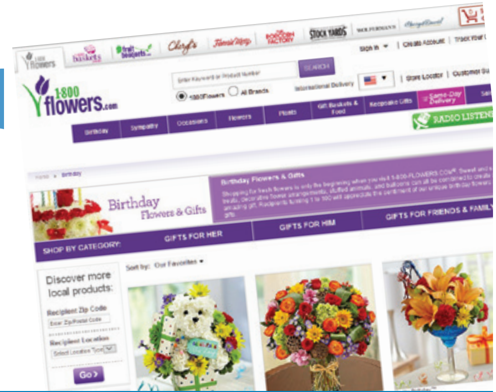
august 2017

Flower shops are home to some of the most creative people to be found anywhere. Through the 1-800-Flowers.com® Local Artisan program, local floral designers are given an opportunity to showcase their artistic talents and promote their truly original products to millions of consumers via the 1-800-Flowers.com website. The program is highly popular, enabling florists to take advantage of the enormous reach of the 1-800-Flowers.com site to gain wide-spread exposure and increased sales for their products. In fiscal 2016, a Local Artisan landing page was added on www.1800flowers.com where the stories of the artisans and their unique products are featured. Besides benefiting local florists, the program also plays an integral role in the Company's development of new products, continuously simulating innovative ideas in floral design.

SUNDAY	MONDAY	TUESDAY
		1
6	7 National Friendship Week Begins	8
13	14	15
20	21	22
27	28	29

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5
9	10	11	12
16	17	18	19
23	24	25	26
30	31		

september 2017



The 1-800-Flowers.com® brand has long been a leader in gifts for all occasions. Through the merchandising strength of our multi-brand website, we are uniquely positioned to introduce millions of customers to our expanded collection of gourmet food brands including Harry & David®, The Popcorn Factory®, Fannie May® chocolates, Cheryl's® cookies, and Stock Yards® steaks and chops, along with Fruit Bouquets by 1800flowers.com℠ and 1-800-Baskets.com®. This strategy is helping to drive the creation of new products across our entire family of brands while also increasing the opportunities for everyday gifting, celebrating such occasions as birthdays, new babies and anniversaries, and for expressing get well and sympathy sentiments.

SUNDAY	MONDAY	TUESDAY
3	4 Labor Day	5
10 Grandparents Day DELIVER SMILES TODAY	11 Patriot Day	12
17	18	19
24	25	26

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2
6	7	8	9
13	14	15	16
20 *Rosh Hashanah Begins at Sunset*	21	22 *First Day of Fall*	23
27	28	29 *Yom Kippur Begins at Sunset*	30

october 2017

Business gifting is a thoughtful way for bosses, colleagues and associates to recognize achievements, provide incentives, say thank you, and offer condolences. During fiscal 2016, the Company's Corporate Gifts division created partnerships with several top companies. Among these is Service Corporation International (SCI), North America's largest provider of funeral and cemetery services. Through SCI's Dignity Memorial brand, an exclusive new online sympathy gift program was launched offering distinctive, personalized sympathy gift options. Partnerships were also established with the Citi ThankYou® Rewards program and with Capital One®. Citi customers can redeem points for flowers and other gifts in our family of brands, and Capital One service agents can offer gifts to customers as part of a "just because" program. Exclusive agreements were also created to provide gifts to many other well-known companies and organizations, including Southwest Airlines, AAA, AARP, Caesar Total Rewards, and Bank of America.

SUNDAY	MONDAY	TUESDAY
1	2	3
8 *National Children's Day*	9 *Columbus Day (observed)*	10
15	16 *National Boss's Day*	17
22	23	24
29	30	31 *Halloween*

WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4	5	6	7
11	12	13	14
18	19	20	21 *Sweetest Day* DELIVER SMILES TODAY
25	26	27	28

november 2017

A fresh chill is in the air, guests are arriving, and it's time to celebrate the late autumn start of another festive holiday season. Helping to make fall celebrations extra memorable is the Company's "All Star" line-up of leading gift brands. Floral centerpieces from 1-800-Flowers.com® adorn tables and mantels. And whetting appetites is our expansive portfolio of delicious gourmet food gifts from Harry & David®, Cheryl's® cookies, The Popcorn Factory®, and Fannie May® chocolates, plus juicy Fruit Bouquets by 1800flowers.com℠ and overflowing gift baskets from 1-800-Baskets.com®. 1-800-FLOWERS.COM, Inc. has built this extraordinary collection of gift possibilities through a combination of birthing brands internally and strategic acquisitions – enhancing our relationships with customers who know and trust us to provide exactly what they want for an increasingly broad range of celebratory occasions.

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


WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4
8	9	10	11 Veterans Day
15	16	17	18
22	23 Thanksgiving Day DELIVER SMILES TODAY	24	25
29	30		

december 2017

'Tis the season for bountiful gifts, and for many people no gift is more eagerly awaited than world famous Royal Riviera® pears from Harry & David®. As far as the eye can see, our own orchards cascade across the southern Oregon countryside, ready for harvest in late summer/early fall – ultimately yielding what are arguably the most flavorful and juiciest pears anywhere on the planet. Also helping to make the holidays joyous are several other Harry & David® brands including Moose Munch® premium popcorn, Wolferman's® baked goods and specialty foods, and the newly introduced Orchard Table® brand of prepared gourmet foods designed to make entertaining and the enjoyment of delicious meals effortless and inviting.

SUNDAY	MONDAY	TUESDAY
3	4	5
10	11	12 *Hanukkah Begins at Sunset*
17	18	19
24 / 31	25 *Christmas Day*	26 *First Day of Kwanzaa*

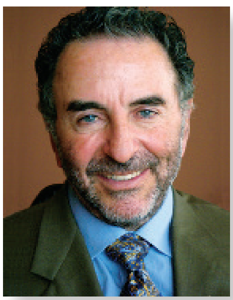
WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2
6	7	8	9
13	14	15	16
20	21 *First Day of Winter*	22	23
27	28	29	30

Board of Directors

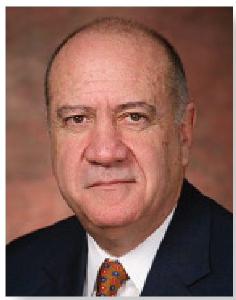
James F. McCann
Executive Chairman
1-800-FLOWERS.COM, Inc.

Christopher G. McCann
President and
Chief Executive Officer
1-800-FLOWERS.COM, Inc.

Geralyn R. Breig
Former President
Clarks, Americas Region



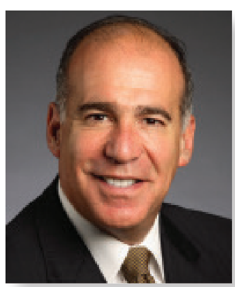
James A. Cannavino
IBM Company
Senior Vice President
Retired



Eugene F. DeMark C.P.A.
Area Managing Partner
KPMG, LLP, Retired
BankUnited Director

Leonard J. Elmore
Network Television
Sports Analyst
Attorney at Law

Celia R. Brown
Former EVP
Group HR Director
Willis Group



Larry Zarin
Express Scripts, Inc.
Senior Vice President
Chief Marketing Officer
Retired

Sean P. Hegarty
Managing Partner
Hegarty & Company

Fiscal Year 2016
Financial Report

1·800·FLOWERS.COM, INC.

Selected Financial Data

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

The selected consolidated statement of operations data for the years ended July 3, 2016, June 28, 2015 and June 29, 2014 and the consolidated balance sheet data as of July 3, 2016 and June 28, 2015, have been derived from the Company's audited consolidated financial statements included elsewhere in this Annual Report. The selected consolidated statement of operations data for the years ended June 30, 2013 and July 1, 2012, and the selected consolidated balance sheet data as of June 29, 2014, June 30, 2013 and July 1, 2012, are derived from the Company's audited consolidated financial statements which are not included in this Annual Report.

The following tables summarize the Company's consolidated statement of income and balance sheet data. The Company acquired Harry & David in September 2014, 16 franchised stores from GB Chocolates in June 2014, iFlorist in December 2013 (subsequently disposed in October 2015), Pingg Corp. in May 2013 (subsequently disposed of in June 2015), Flowerama in August 2011, and Fine Stationery, Inc. in May 2011 (subsequently disposed of in June 2015). The following financial data reflects the results of operations of these subsidiaries since their respective dates of acquisition. On September 6, 2011, the Company completed the sale of certain assets of its wine fulfillment services business operated by its Winetasting Network subsidiary. During the fourth quarter of fiscal 2013, the Company made the strategic decision to divest the e-commerce and procurement businesses of its Winetasting Network subsidiary in order to focus on growth opportunities in its Gourmet Foods and Gift Baskets business segment. The Company closed on the sale of its Winetasting Network business on December 31, 2013. As a result, the Company has classified the results of its wine fulfillment services business as a discontinued operation for fiscal 2012, and the results of the e-commerce and procurement businesses as discontinued operations for fiscal 2014, 2013 and 2012. 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				
	July 3, 2016	June 28, 2015	June 29, 2014	June 30, 2013	July 1, 2012
	(in thousands, except per share data)				
Consolidated Statement of Income Data:					
Net revenues	**$1,173,024**	$1,121,506	$756,345	$735,497	$707,517
Cost of revenues	**655,566**	634,311	440,672	430,305	414,940
Gross profit	**517,458**	487,195	315,673	305,192	292,577
Operating expenses:					
Marketing and sales	**318,175**	299,801	194,847	186,720	181,199
Technology and development	**39,234**	34,745	22,518	21,700	20,426
General and administrative	**84,383**	85,908	54,754	52,188	51,474
Depreciation and amortization	**32,384**	29,124	19,848	18,798	19,540
Total operating expenses	**474,176**	449,578	291,967	279,406	272,639
Gain on sale of stores	**—**	—	—	—	3,789
Operating income	**43,282**	37,617	23,706	25,786	23,727
Interest expense, net	**6,674**	5,753	1,305	1,713	2,675
Other (income) expense, net	**(14,839)**	1,550	52	(722)	(40)
Income from continuing operations before income taxes	**51,447**	30,314	22,349	24,795	21,092
Income tax expense from continuing operations	**15,579**	10,930	8,403	9,073	7,771
Income from continuing operations	**35,868**	19,384	13,946	15,722	13,321
Income (loss) from discontinued operations, net of tax	**—**	—	729	(3,401)	4,325
Net income	**35,868**	19,384	14,675	12,321	17,646
Less: Net loss attributable to noncontrolling interest	**(1,007)**	(903)	(697)	—	—
Net income attributable to 1-800-FLOWERS.COM, Inc.	**$ 36,875**	$ 20,287	$ 15,372	$ 12,321	$ 17,646
Basic net income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.					
From continuing operations	**$ 0.57**	$ 0.31	$ 0.23	$ 0.24	$ 0.21
From discontinued operations	**—**	0.00	0.01	(0.05)	0.07
Basic net income per common share	**$ 0.57**	$ 0.31	$ 0.24	$ 0.19	$ 0.27
Diluted net income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.					
From continuing operations	**$ 0.55**	$ 0.30	$ 0.22	$ 0.24	$ 0.20
From discontinued operations	**—**	0.00	0.01	(0.05)	0.07
Diluted net income per common share	**$ 0.55**	$ 0.30	$ 0.23	$ 0.19	$ 0.27
Weighted average shares used in the calculation of net income (loss) per common share:					
Basic	**64,896**	64,976	64,035	64,369	64,697
Diluted	**67,083**	67,602	66,460	66,792	66,239

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

	As of				
	July 3, 2016	June 28, 2015	June 29, 2014	June 30, 2013	July 1, 2012
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	**$ 27,826**	$ 27,940	$ 5,203	$ 154	$ 28,854
Working capital	**45,798**	36,361	17,511	16,886	29,721
Total assets	**506,514**	501,946	267,569	250,073	262,213
Long-term liabilities	**143,067**	168,083	7,144	5,039	17,080
Total 1-800-FLOWERS.COM, Inc. stockholders' equity	**242,586**	208,449	183,228	169,271	161,748

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Business Overview

1-800-FLOWERS.COM, Inc. and its subsidiaries (collectively, the "Company") is a leading provider of gourmet food and floral gifts for all occasions. For the past 40 years, 1-800-FLOWERS® (1-800-356-9377 or www.1800flowers.com) has been helping deliver smiles for our customers with gifts for every occasion, including fresh flowers and the finest selection of plants, gift baskets, gourmet foods, confections, candles, balloons and plush stuffed animals. As always, our 100% Smile Guarantee® backs every gift. The company's Celebrations® suite of services including Celebrations Passport® Free Shipping program, Celebrations Rewards® and Celebrations RemindersSM, are all designed to engage with customers and deepen relationships as a one-stop destination for all celebratory and gifting occasions. In 2016, 1-800-Flowers.com was awarded a Silver Stevie "e-Commerce Customer Service" Award, recognizing the company's innovative use of online technologies and social media to service the needs of customers.
In addition, 1-800-FLOWERS.COM, Inc. was recognized as one of Internet Retailer's Top 300 B2B e-commerce companies and was also recently named in Internet Retailer's 2016 Top Mobile 500 as one of the world's leading mobile commerce sites. The Company was included in Internet Retailer's 2015 Top 500 for fast growing e-commerce companies. In 2015, 1-800-FLOWERS.COM was named a winner of the "Best Companies to Work for in New York State" award by The New York Society for Human Resource Management (NYS-SHRM).

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 premium, gift-quality fruits and other gourmet items from Harry & David® (1-877-322-1200 or www.harryanddavid.com), popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); cookies and baked gifts from Cheryl's® (1-800-443-8124 or www.cheryls.com); premium chocolates and confections from Fannie May® (www.fanniemay.com and www.harrylondon.com); gift baskets and towers from 1-800- Baskets.com® (www.1800baskets.com); premium English muffins and other breakfast treats from Wolferman's® (1-800-999-1910 or www.wolfermans.com); carved fresh fruit arrangements from FruitBouquets.com (www.fruitbouquets.com); and top quality steaks and chops from Stock Yards® (www.stockyards.com).

As a provider of gifts to consumers and wholesalers for resale to consumers, the Company is subject to changes in consumer confidence and the economic conditions that impact our customers. Demand for the Company's products is affected by the financial health of our customers, which, in turn, is influenced by macro economic issues such as unemployment, fuel and energy costs, trends in the housing market and availability of consumer credit. While consumers appear more upbeat about the economy, during the recent economic downturn, the demand for our products had been adversely affected by the reduction in consumer spending, and the Company expects that its revenues will continue to be closely tied to changes in consumer sentiment.

On September 30, 2014, the Company completed its acquisition of Harry & David Holdings, Inc. ("Harry & David"), a leading multi-channel specialty retailer and producer of branded premium gift-quality fruit, gourmet food products and other gifts marketed under the Harry & David®, Wolferman's® and Cushman's® brands.

During fiscal 2016, the Company was able to achieve a number of operational and financial milestones:

- *Integration of Harry & David* – During fiscal 2016, the Company made significant progress towards achieving its primary goal of integrating Harry & David, whose iconic brands have helped transform the Company into a source for premier gifting, executing upon identified initiatives that have been estimated to achieve over $20.0 million of annual synergy savings within three years of the acquisition.

- *Multi-Brand Customer Initiatives* – The Company continued to expand its multi-brand customer initiatives, a key ingredient in our strategy to enhance customer engagement and long-term growth, by completing the migration of all of the Company's brands onto the multi-brand website. This will provide the ability to enhance the customer experience by providing for cross-brand marketing and merchandising programs and ease of access to the Company's Celebrations suite of services, including Celebrations Passport free shipping, Rewards and Reminders membership programs.
- *Strengthening balance sheet and investment in business platforms* – Throughout fiscal 2016, the Company continued its responsible stewardship of shareholders' capital, further strengthening its balance sheet by reducing long-term debt while continuing to invest in business platforms, category-leading mobile and social efforts, and the Company's innovate focus as a "first mover" in the fast evolving areas of artificial intelligence and conversational commerce.

However, there were also a number of significant headwinds that the Company had to address during fiscal 2016. While working to integrate Harry & David and achieve synergy savings, the Company was still dealing with both the operational and financial ramifications of its Fannie May warehouse fire. Although the entire enterprise came together and was able to return to full capabilities within 5 months of the fire, the Company experienced unforeseen longer term consequences on its revenue base, especially within the brand's e-commerce and retail channels. With the benefit of 20/20 hindsight, it appears that the negative impact on revenues from the fire continued to drag beyond the Company's initial estimates, well into fiscal 2016. While the pace of Fannie May's recovery was below expectations throughout the year, the Company was able to offset this impact to earnings as it recovered its inventory lost to the fire through its property and business interruption policies, recognizing a gain of $19.6 million upon settlement in the first quarter of fiscal 2016. In addition to the lingering effects of the fire, the Company effectively steered its way through the challenging date placement of Valentine's Day, which moved from Saturday in fiscal 2015, already a difficult date placement, to Sunday in fiscal 2016, recognized in the e-commerce floral industry as the worst date placement within the week. This shift presented not only logistical challenges related to Sunday deliveries, but also reduced overall demand as customers may forgo flowers in favor of other options such as dining out or going to the movies. Fiscal 2016 was also negatively impacted by a year-over-year reduction in store count, as well as significant increases in labor costs associated with the tightening employment market for seasonal workers and mandated minimum wage increases.

Recognizing the need to balance the Company's short and long-term operating and financial objectives, a key tenet of the Company's fiscal 2017 strategy, now that Harry & David has been substantially integrated, is to continue to focus on execution of its identified cost synergy savings opportunities, which are expected to generate annual savings in excess of $20.0 million by fiscal 2018, while now pursuing revenue generating synergies such as cross-brand marketing, mining of customer databases through our expanded suite of CRM tools and in business gift services and wholesale channels. Tempered by the continuing challenging economic climate, the Company expects consolidated revenue growth in the range of 4-to-5% during fiscal 2017. In terms of bottom-line results, the Company expects EBITDA growth in a range of 8-10%, and EPS growth in a range of 5-10%, compared with Adjusted EBITDA of $85.8 million and Adjusted EPS of $0.43 reported for fiscal 2016 (*Fiscal 2016 Adjusted EBITDA and Adjusted EPS exclude the impact of certain one-time costs – see Category Information below for details of the adjustments*).

Category Information

The following table presents the net revenues, gross profit and category contribution margin from each of the Company's business segments, as well as consolidated EBITDA and Adjusted EBITDA. As noted previously, the Company's e-commerce and procurement businesses of its Winetasting Network subsidiary, which had previously been included within its Gourmet Foods & Gift Baskets category, have been classified as discontinued operations and therefore excluded from category information below for fiscal 2014. (Due to certain one-time items, the following Non-GAAP reconciliation tables have been included within MD&A.)

	Years Ended														
	Reported July 3, 2016	Harry & David Integration Costs	Litigation Settlement	Severance Costs	Adjusted July 3, 2016	Reported June 28, 2015	Impact of Warehouse Fire	Purchase Accounting Adjustment to Deferred Revenue	Purchase Accounting Adjustment for Inventory Fair Value Step-Up	Harry & David Acquisition Costs	Harry & David Integration Costs	Harry & David Severance Costs	Annualization of Acquisition of Harry & David	Adjusted June 28, 2015	Reported June 29, 2014
	(dollars in thousands)														
Net revenues:															
1-800-Flowers.com Consumer Floral	$ 418,492	$ –	$ –	$ –	$ 418,492	$ 422,199	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 422,199	$421,336
BloomNet Wire Service	85,483				85,483	85,968	350	–	–	–	–	–	–	86,318	84,199
Gourmet Food & Gift Baskets	670,453				670,453	613,953	16,934	1,621	–	–	–	–	29,393	661,901	251,990
Corporate	1,066				1,066	1,020	–	–	–	–	–	–	–	1,020	797
Intercompany eliminations	(2,470)				(2,470)	(1,634)	–	–	–	–	–	–	–	(1,634)	(1,977)
Total net revenues	$1,173,024	$ –	$ –	$ –	$ 1,173,024	$ 1,121,506	$ 17,284	$ 1,621	$ –	$ –	$ –	$ –	$ 29,393	$1,169,804	$756,345
Gross profit:															
1-800-Flowers.com Consumer Floral	$ 170,536	$ –	$ –	$ –	$ 170,536	$ 165,677	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 165,677	$164,792
	40.8%				40.8%	39.2%	–	–	–	–	–	–	–	39.2%	39.1%
BloomNet Wire Service	48,169				48,169	47,924	70	–	–	–	–	–	–	47,994	44,900
	56.3%				56.3%	55.7%	–	–	–	–	–	–	–	55.6%	53.3%
Gourmet Food & Gift Baskets	297,782				297,782	272,690	6,745	1,621	4,760	–	–	–	12,701	298,517	105,092
	44.4%				44.4%	44.4%	–	–	–	–	–	–	–	45.1%	41.7%
Corporate (a)	971				971	904	–	–	–	–	–	–	–	904	889
	91.1%				91.1%	88.6%	–	–	–	–	–	–	–	88.6%	111.5%
Total gross profit	$ 517,458	$ –	$ –	$ –	$ 517,458	$ 487,195	$ 6,815	$ 1,621	$ 4,760	$ –	$ –	$ –	$ 12,701	$ 513,092	$315,673
	44.1%	–	–	–	44.1%	43.4%	39.4%	–	–	–			–	43.9%	41.7%
Category Contribution Margin:															
1-800-Flowers.com Consumer Floral	$ 50,773	$ –	$ –	$ –	$ 50,773	$ 43,529	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 43,529	$ 40,252
BloomNet Wire Service	30,629				30,629	29,398	70	–	–	–	–	–	–	29,468	26,715
Gourmet Food & Gift Baskets	79,398				79,398	74,889	6,486	1,621	4,760	1,238	–	1,989	(7,441)	83,542	27,122
Category Contribution Margin Subtotal	160,800	–	–	–	160,800	147,816	6,556	1,621	4,760	1,238	–	1,989	(7,441)	156,539	94,089
Corporate (a)	(85,134)	828	1,500	1,437	(81,369)	(81,075)	–	–	–	2,910	3,039	468	(7,397)	(82,055)	(50,535)
EBITDA	75,666	828	1,500	1,437	79,431	66,741	6,556	1,621	4,760	4,148	3,039	2,457	(14,838)	74,484	43,554
Add: Stock-based compensation	6,343				6,343	5,962	–	–	–	–			–	5,962	4,664
EBITDA, excluding stock-based compensation	$ 82,009	$ 828	$ 1,500	$ 1,437	$ 85,774	$ 72,703	$ 6,556	$ 1,621	$ 4,760	$ 4,148	$ 3,039	$ 2,457	$ (14,838)	$ 80,446	$ 48,218

Reconciliation of GAAP net income to Adjusted income attributable to 1-800-FLOWERS.COM, Inc.:

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands, except per share data)		
GAAP net income	**$ 35,868**	$ 19,384	$ 13,946
Less: Net loss attributable to noncontrolling interest	**(1,007)**	(903)	(697)
Income attributable to 1-800-FLOWERS.COM, Inc.	**36,875**	20,287	14,643
Adjustments to reconcile income attributable to 1-800-FLOWERS.COM, Inc. to Adjusted income attributable to 1-800-FLOWERS.COM, Inc.			
Add back: Annualization of net loss attributable to Harry & David	**—**	(18,812)	—
Add back: Loss on sale/impairment of iFlorist	**2,121**	—	—
Add back: Impairment of foreign equity investment	**1,728**	—	—
Add back: Litigation costs	**1,500**	—	—
Add back: Harry & David integration costs	**828**	3,039	—
Add back: Harry & David acquisition costs	**—**	4,148	—
Add back: Severance costs	**1,437**	2,457	—
Add back: Harry & David Purchase accounting adjustment to deferred revenue	**—**	1,621	—
Add: Purchase accounting adjustment for inventory fair value step-up	**—**	4,760	—
Add back: Impact of warehouse fire	**—**	6,556	—
Deduct: Gain from insurance recovery on warehouse fire	**(19,611)**	—	—
Income tax effect of adjustments	**3,633**	(1,369)	—
Adjusted income attributable to 1-800-FLOWERS.COM, Inc.	**$ 28,511**	$ 22,687	$ 14,643
GAAP income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.			
Basic	**$ 0.57**	$ 0.31	$ 0.23
Diluted	**$ 0.55**	$ 0.30	$ 0.22
Adjusted income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.			
Basic	**$ 0.44**	$ 0.35	$ 0.23
Diluted	**$ 0.43**	$ 0.34	$ 0.22
Weighted average shares used in the calculation of GAAP income and Adjusted income per common share attributable to 1-800-FLOWERS.COM, Inc.			
Basic	**64,896**	64,976	64,035
Diluted	**67,083**	67,602	66,460

Discontinued operations:

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(dollars in thousands)		
Net revenues from discontinued operations	**$ —**	$ —	$ 1,669
Gross profit from discontinued operations	**$ —**	$ —	$ 429
EBITDA from discontinued operations	**$ —**	$ —	$ (868)

Reconciliation of GAAP net income attributable to 1-800-Flowers.com, Inc. to Adjusted EBITDA, excluding stock-based compensation(b):

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
		(in thousands)	
Income attributable to 1-800-FLOWERS.COM, Inc.	**$36,875**	$20,287	$14,643
Add:			
Interest expense and other, net	**7,597**	7,303	1,357
Depreciation and amortization	**32,384**	29,124	19,848
Income tax expense	**15,579**	10,930	8,403
Loss on sale/impairment of iFlorist	**2,121**	—	—
Impairment of foreign equity investment	**1,728**	—	—
Less:			
Net loss attributable to noncontrolling interest	**1,007**	903	697
Income tax benefit	**—**	—	—
Gain from insurance recovery on warehouse fire	**19,611**	—	—
EBITDA	**75,666**	66,741	43,554
Add: Impact of warehouse fire	**—**	6,556	—
Add: Purchase accounting adjustment to deferred revenue	**—**	1,621	—
Add: Purchase accounting adjustment for inventory fair value step-up	**—**	4,760	—
Add: Litigation settlement	**1,500**	—	—
Add: Acquisition costs	**—**	4,148	—
Add: Integration costs	**828**	3,039	—
Add: Severance costs	**1,437**	2,457	—
Add: Harry & David Q1 2015 EBITDA loss (pre-acquisition: 3 months ended 9/28/14)	**—**	(14,838)	—
Adjusted EBITDA	**79,431**	74,484	43,554
Add: Stock-based compensation	**6,343**	5,962	4,664
Adjusted EBITDA, excluding stock-based compensation	**$85,774**	$80,446	$48,218

(a) 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 segment.

(b) Performance is measured based on segment contribution margin or segment Adjusted EBITDA, reflecting only the direct controllable revenue and operating expenses of the segments. As such, management's measure of profitability for these segments does not include the effect of corporate overhead, described above, depreciation and amortization, other income (net), nor does it include one-time charges or gains. Management utilizes EBITDA, and adjusted financial information, 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 and adjusted financial information 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 and adjusted financial information to measure compliance with covenants such as interest coverage and debt incurrence. EBITDA and adjusted financial information is also used by the Company to evaluate and price potential acquisition candidates. EBITDA and adjusted financial information have 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.

Results of Operations

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal year 2016, which ended on July 3, 2016, consisted of 53 weeks, while fiscal years 2015 and 2014, which ended on June 28, 2015 and June 29, 2014, respectively, consisted of 52 weeks.

Net Revenues

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Net revenues:					
E-Commerce	**$ 882,782**	3.9%	$ 849,853	54.8%	$548,976
Other	**290,242**	6.8%	271,653	31.0%	207,369
	$1,173,024	4.6%	$ 1,121,506	48.3%	$756,345

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

During the year ended July 3, 2016, net revenues increased 4.6% in comparison to the prior year, as a result of growth within the Gourmet Food and Gift Baskets segment due to the incremental revenue generated by Harry & David, which was acquired on September 30, 2014 (pre-acquisition revenues generated by Harry & David during the quarter ended September 28, 2014 was $29.4mm), the impact on prior year revenues of the Thanksgiving Day Fannie May warehouse fire (estimated to be $17.3mm), organic growth of 1-800-Flowers.com, Cheryl's and 1-800-Baskets wholesale gift business, and the impact of the 53rd week in fiscal 2016, partially offset by the impact of the Sunday date placement of Valentine's Day, and the dispositions of the iFlorist and Fine Stationery businesses in October 2015 and June 2015, respectively (which generated a combined $12.1 million of incremental revenues in the prior year), slower recovery by the Fannie May brand after the fire, and a year-over-year reduction in the Harry & David store count. Adjusted for the impact of the timing of the Harry & David acquisition and purchase accounting adjustments in fiscal 2015, and the estimated revenue lost as a result of the fire in 2015, pro forma net revenues increased 2.8% compared to the prior year.

During the year ended June 28, 2015, net revenues increased 48.3% in comparison to the prior year primarily as a result of the incremental revenue generated by Harry & David, which was acquired on September 30, 2014, as well as growth across all three of the Company's business segments. After adjusting for lost revenue associated with the Thanksgiving Day fire at the Company's Fannie May warehouse and distribution center, estimated to be $17.3 million during the year ended June 28, 2015, and for the impact of purchase accounting adjustments to reduce the acquired value of Harry & David's deferred revenue of $1.6 million during the year ended June 28, 2015, pro forma revenue increased by 50.8% during the year ended June 28, 2015. Excluding the impact of acquisitions, organic revenue, adjusted for the estimated lost revenue from the Fannie May warehouse fire, increased 2.8% during the year ended June 28, 2015, despite the loss of revenue from the shift in the Valentine's Day Holiday to a Saturday in fiscal 2015.

E-commerce revenues (combined online and telephonic sales channels) increased 3.9%, during the year ended July 3, 2016 compared to the prior year, due to growth within the Gourmet Food and Gift Baskets segment, as a result of the incremental revenue generated by Harry & David, which was acquired on September 30, 2014, the impact on prior year revenues of the Thanksgiving Day Fannie May warehouse fire, organic growth within the 1-800-Flowers.com Cheryl's brands, and the impact of the 53rd week, and partially offset by the impact of the dispositions of iFlorist and Fine Stationery in October 2015 and June 2015, respectively, and the anticipated decline in revenues due to the Sunday date placement of Valentine's Day. The Company fulfilled approximately 12.2 million e-commerce orders, with an average order value of $72.64, representing increases of 1.4% and 2.4%, respectively, compared to fiscal 2015.

E-commerce revenues increased by 54.8% during the year ended June 28, 2015, primarily as a result of the incremental e-commerce revenue generated by the recent acquisition of Harry & David, as well as organic growth from the Company's Gourmet Food and Gift Baskets segment, offset by the estimated loss of revenues from the warehouse fire. E-commerce revenues from the Consumer Floral segment were flat in comparison to fiscal 2014 as growth during the balance of the year was offset by a decline in Valentine's Day revenue resulting from the shift in the date placement of holiday from Friday in fiscal 2014 to Saturday in fiscal 2015. Reflecting the incremental sales from Harry & David, during fiscal 2015, the Company fulfilled approximately 12.0 million e-commerce orders, with an average order value of $70.87, representing increases of 31.5% and 17.9%, respectively, compared to fiscal 2014.

Other revenues, comprised of the Company's BloomNet Wire Service segment, as well as the wholesale and retail sales channels of its 1-800-Flowers.com Consumer Floral and Gourmet Food and Gift Baskets segments, increased by 6.8% and 31.0% during fiscal 2016 and fiscal 2015, respectively. The increase in fiscal 2016 was due to growth within the Gourmet Food and Gift Baskets segment, resulting from the incremental revenue generated by Harry & David, which was acquired on September 30, 2014, organic growth of Cheryl's and 1-800-Baskets wholesale gift business, and the impact on prior year revenues of the Thanksgiving 2014 Fannie May warehouse fire, partially offset by the Sunday date placement of Valentine's Day and a year-over-year reduction in the Harry & David store count. The increase in fiscal 2015 was primarily due to the addition of Harry & David's retail and wholesale operations, and to a lesser extent, growth within BloomNet, partially offset by the sales lost as a result of the Thanksgiving Day warehouse fire.

The 1-800-Flowers.com Consumer Floral segment includes the operations of the 1-800-Flowers.com brand, which derives revenue from the sale of consumer floral products through its e-commerce sales channels (telephonic and online sales) and royalties from its franchise operations, as well as iFlorist, a UK based e-commerce retailer of floral products (through the date of its disposition in October 2015), and Fine Stationery, an e-commerce retailer of stationery products (through the date of its disposition in June 2015). Net revenues during the fiscal year ended July 3, 2016 decreased 0.9% as a result of lower order volume resulting from the Sunday date placement of Valentine's Day, and the dispositions of iFlorist and Fine Stationery, partially offset by organic growth by the 1-800-Flowers.com brand and the impact of the 53rd week. Adjusted for the sale of iFlorist and Fine Stationery, net revenues in this segment grew 2.0% in fiscal 2016 compared to the prior year. Net revenues during the fiscal year ended June 28, 2015 increased 0.2% primarily due to the incremental volume provided by iFlorist, which was acquired in December 2013, offset by lower order volume resulting from the Saturday placement of Valentine's Day. Excluding the impact of the acquisition of iFlorist, revenue of the 1-800-Flowers.com Consumer Floral segment decreased by 0.2% in comparison to fiscal 2014.

The BloomNet Wire Service segment includes revenues from membership fees as well as other product and service offerings to florists. Net revenues during the fiscal year ended July 3, 2016 decreased 0.6% due to lower transaction and ancillary fee revenues as a result of unfavorable shop to shop order volume sent through the network due in part to the Sunday date placement of Valentine's Day, partially offset by increased revenue as a result of BloomNet initiatives including the annualization of a florist transaction program implemented in the 3rd quarter of fiscal 2015. Net revenues during the fiscal year ended June 28, 2015 increased 2.1%, as a result of higher membership and transaction fees, including the implementation of a new florist transaction program, and increased ancillary service revenue including directory advertising, partially offset by lower product sales as a result of decreased demand and the west coast dock strike.

The Gourmet Food & Gift Baskets segment includes the operations of Harry & David, Wolferman's, Stockyards, Cheryl's, Fannie May, Harry London, The Popcorn Factory and 1-800-Baskets/DesignPac. Revenue is derived from the sale of gourmet fruits, cookies, baked gifts, premium chocolates and confections, gourmet popcorn, gift baskets, and prime steaks and chops through the Company's e-commerce sales channels (telephonic and online sales) and company-owned and operated retail stores under the Harry & David, Cheryl's and Fannie May brand names, as well as wholesale operations. Net revenue during the fiscal year ended July 3, 2016 increased 9.2% in comparison to the prior year, as a result of the incremental revenue generated by Harry & David, which was acquired on September 30, 2014, and the impact on prior year revenues of the Thanksgiving Day Fannie May warehouse fire, organic growth of Cheryl's and 1-800-Baskets wholesale gift business, and the impact of the 53rd week. Adjusted for the impact of the timing of the Harry & David acquisition and purchase accounting adjustments in fiscal 2015, and the estimated revenue lost as a result of the fire in 2015, pro forma net revenues increased 1.3% compared to the prior year, as post-fire recovery of the Fannie May brand has been slower than originally anticipated. Net revenue during the fiscal year ended June 28, 2015 increased 143.6% in comparison to the prior year, driven primarily by the incremental revenue generated by Harry & David, which was acquired on September 30, 2014, complemented by strong organic e-commerce growth from Cheryl's and 1-800-Baskets, partially offset by reduced revenue from Fannie May due to the Thanksgiving Day warehouse fire. After adjusting for the estimated lost revenue from the warehouse fire, and for the impact of purchase accounting adjustments to reduce the acquired value of Harry & David's deferred revenue, pro forma revenue for the Gourmet Food & Gift Baskets segment increased 151.0% during the year ended June 28, 2015. Excluding the revenue contribution of Harry & David, Gourmet Food & Gift Baskets, revenue growth, adjusted for the estimated lost revenue from the Fannie May warehouse fire, increased 7.8% during the year ended June 28, 2015.

In fiscal 2017, the Company expects to grow revenues across all three of its business segments with consolidated revenue growth for the year anticipated to be in the range of 4-to-5 percent.

Gross Profit

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Gross profit	**$517,458**	6.2%	$487,195	54.3%	$315,673
Gross margin %	**44.1%**		43.4%		41.7%

Gross profit consists of net revenues less cost of revenues, which is comprised 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 include labor and facility costs related to direct-to-consumer and wholesale production operations.

Gross profit increased 6.2% during the fiscal year ended July 3, 2016 in comparison to the prior year, primarily as a result of the incremental revenue and associated gross margins generated by Harry & David, which was acquired on September 30, 2014, the impact on prior year gross margin of the Thanksgiving Day Fannie May warehouse fire, organic revenue growth, the impact of the 53rd week, and sourcing and logistics synergy savings, partially offset by the impact of the Sunday date placement of Valentine's Day, the dispositions of the iFlorist and Fine Stationery businesses during October 2015 and June 2015, respectively (which generated $4.4 million of incremental gross margin in the prior year period), and a year-over-year reduction in Harry & David store count. Adjusted for the impact of the timing of the Harry & David acquisition and purchase accounting adjustments in fiscal 2015, and the estimated revenue lost as a result of the fire in 2015, pro forma gross profit decreased 0.2% compared to the prior year, as post-fire recovery of the Fannie May brand has been slower than originally anticipated. Gross margin percentage increased 70 basis points to 44.1% during the fiscal year ended July 3, 2016, primarily due benefits of enhanced sourcing and logistics, the mix of sales associated with the recovery from the warehouse fire, higher margins earned by Harry & David, and the dispositions of iFlorist and Fine Stationery businesses which carried lower gross margins. Adjusted for the impact of the Harry & David acquisition, and the lost revenue from the fire in the prior year, pro forma gross margin increased 20 basis points to 44.1%.

Gross profit increased 54.3% during the fiscal year ended June 28, 2015 in comparison to the prior year, primarily as a result of the incremental revenue and associated gross margins generated by Harry & David, which was acquired on September 30, 2014, as well as organic growth across all segments, partially offset by the impact of the revenues lost as a result of the Thanksgiving Day fire at the Company's Fannie May warehouse and distribution center. After adjusting for estimated lost gross profit from the warehouse fire of $6.8 million during the year ended June 28, and for the impact of Harry & David purchase accounting adjustments related to deferred revenue of $1.6 million and step-up of inventory to fair value of $4.8 million during the year ended June 28, 2015, gross profit during year ended June 28, 2015, increased by 58.5% in comparison to the prior year. Excluding the impact of acquisitions, organic gross profit, adjusted for the estimated lost revenue from the warehouse fire, increased 4.5% during the year ended June 28, 2015. Gross margin percentage increased 170 basis points to 43.4% during the fiscal year ended June 28, 2015 in comparison to the prior year, as a result of the aforementioned Harry & David acquisition, which earns higher margins due to its vertically integrated operations, as well as organic improvements across all business segments. After adjusting for the estimated lost gross profit from the warehouse fire for fiscal year ended June 28, 2015 and for the impact of Harry & David purchase accounting adjustments related to deferred revenue and step-up of inventory to fair value for fiscal year ended June 28, 2015, pro forma gross margin percentage increased to 43.9% for the fiscal year ended June 28, 2015. Excluding the impact of acquisitions, organic gross margin percentage, adjusted for the estimated lost revenue from the warehouse fire, was 42.3% during the fiscal year ended June 28, 2015.

The 1-800-Flowers.com Consumer Floral segment gross profit increased by 2.9% during the fiscal year ended July 3, 2016 in comparison to the prior year, while gross margin percentage increased 160 basis points to 40.8% due to the benefit of synergy savings, which reduced shipping costs, as well as sourcing improvements and reductions in discounts, which more than offset the loss of margin caused by the Sunday date placement of Valentine's Day and the dispositions of iFlorist and Fine Stationery in October 2015 and June 2015, respectively. The 1-800-Flowers.com Consumer Floral segment gross profit increased by 0.5% during the fiscal year ended June 28, 2015 in comparison to the prior year, due to the higher revenue, as described above. Excluding the impact of the acquisition of iFlorist, gross profit within the 1-800-Flowers.com Consumer Floral segment increased by 0.3%. Gross margin percentage increased 10 basis points to 39.2% during the fiscal year ended June 28, 2015 in comparison to the prior year as sourcing and logistics improvements were offset by lower margins earned by iFlorist.

BloomNet Wire Service segment's gross profit increased by 0.5% during the fiscal year ended July 3, 2016 in comparison to the prior year, while gross margin percentage increased 60 basis points, as a result of sales mix and lower rebates associated with the decline in shop-to-shop order volume. BloomNet Wire Service segment's gross profit increased by 6.7% and gross margin percentage increased 240 basis points during the fiscal year ended June 28, 2015, as a result of an increase in higher margin BloomNet membership, directory and transaction fees, as well as newly implemented transaction fees, offset in part by a reduction in lower margin wholesale product revenues.

The Gourmet Food & Gift Baskets segment gross profit increased by 9.2% during the fiscal year ended July 3, 2016 in comparison to the prior year, as a result of the incremental revenue and associated gross margins generated by Harry & David, which was acquired on September 30, 2014, the recovery from the Thanksgiving Day Fannie May warehouse fire, the organic revenue growth referenced above, and synergy savings related to logistics and sourcing, while gross margin percentage was consistent at 44%. Adjusted for the impact of the Harry & David acquisition and the lost revenue from the fire in the prior year, pro forma gross profit decreased by 0.2%, while gross margin percentage decreased 70 basis points to 44.4%, reflecting the difficulties encountered by Fannie May in its efforts to recover after the fire.

The Gourmet Food & Gift Baskets segment gross profit increased by 159.5% during the fiscal year ended June 28, 2015 in comparison to the prior year, driven primarily by the incremental revenue generated by Harry & David, which was acquired on September 30, 2014, and strong organic e-commerce growth from Cheryl's and 1-800-Baskets, partially offset by reduced revenue from Fannie May, due to the Thanksgiving Day warehouse fire. After adjusting for estimated lost gross profit from the warehouse fire of $6.7 million during the year ended June 28, 2015 and for the impact of Harry & David purchase accounting adjustments related to deferred revenue of $1.6 million and step-up of inventory to fair value of $4.8 million during the year ended June 28, 2015, gross profit during the year ended June 28, 2015 increased by 172.0% in comparison to fiscal 2014. Excluding the impact of acquisitions, organic gross profit, adjusted for the estimated lost revenue from the warehouse fire, increased 9.7% during the year ended June 28, 2015. Gross margin percentage increased 270 basis points during the year ended June 28, 2015 to 44.4% as a result of the Harry & David acquisition, which earns higher margins due to its vertically integrated operations, and due to the timing of the acquisition which excluded the first quarter of Harry & David's operations which carries a lower gross margin due to the seasonality of its business, as well as productivity improvements across all brands within the segment. After adjusting for the estimated lost gross profit from the warehouse fire for the year ended June 28, 2015 and for the impact of Harry & David purchase accounting adjustments related to deferred revenue and step-up of inventory to fair value for year ended June 28, 2015, pro forma gross margin percentage increased 350 basis points to 45.2%. Excluding the impact of the acquisition of Harry & David, organic gross margin percentage, adjusted for the estimated lost revenue from the warehouse fire, increased 70 basis points to 42.4% during the year ended June 28, 2015.

In fiscal 2017, the Company expects its gross profit to improve relative to sales growth, as gross margin percentage in fiscal 2017 is expected to be consistent with fiscal 2016.

Marketing and Sales Expense

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Marketing and sales	**$318,175**	6.1%	$299,801	53.9%	$194,847
Percentage of sales	**27.1%**		26.7%		25.8%

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.

Marketing and sales expenses increased 6.1% (27.1% as a percentage of revenues) during the fiscal year ended July 3, 2016 compared to the prior year (26.7% as a percentage of revenues) primarily due to the incremental marketing expenses of Harry & David, which was acquired on September 30, 2014. During the fiscal year ended June 28, 2015, marketing and sales expenses increased 53.9% in comparison to the prior year primarily as a result of the incremental spend due to the acquisitions of Harry & David on September 30, 2014, as well as higher labor and facility costs associated with an increase in Fannie May store count. Adjusted for the impact of the Harry & David acquisition and the warehouse fire in the prior year, pro forma marketing and sales expense as a percentage of revenues was consistent with the prior year ratio. The increase in marketing and sales as a percentage of net revenues during the year ended June 28, 2015 was due to the impact of the Harry & David acquisitions, combined with the impact of the warehouse fire. Excluding the impact of the acquisitions, organic marketing and sales as a percentage of net revenues, adjusted for the estimated lost revenue from the warehouse fire, was 25.9% during the year ended June 28, 2015, comparable with the prior year.

During the fiscal year ended July 3, 2016, the Company added approximately 3.5 million new e-commerce customers, compared to 3.5 million in fiscal 2015, and 2.4 million in fiscal 2014. Approximately 49% of customers who placed e-commerce orders during fiscal 2016 were repeat customers compared to 50% in fiscal 2015 and 49% in fiscal 2014.

Technology and Development Expense

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Technology and development	**$ 39,234**	12.9%	$ 34,745	54.3%	$22,518
Percentage of sales	**3.3%**		3.1%		3.0%

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

Technology and development expenses increased 12.9% (3.3% as a percentage of revenues) during the fiscal year ended July 3, 2016 compared to the prior year (3.1% as a percentage of revenues) primarily due to the incremental technology and development costs of Harry & David, which was acquired on September 30, 2014. Technology and development expenses increased 54.3% during the fiscal year ended July 3, 2016 compared to the prior year due to the technology and development costs of Harry & David, which was acquired on September 30, 2014. Adjusted for the impact of the Harry & David acquisition and the warehouse fire in the prior year, pro technology and development expense as a percentage of revenues was consistent with the prior year ratio. Technology spend as a percentage of net revenues increased to 3.1% during the fiscal year ended July 3, 2016, compared to the prior year. Excluding the impact of acquisitions, organic technology and development expense as a percentage of net revenues, adjusted for the estimated lost revenue from the warehouse fire, was 3.0% during the fiscal year ended June 28, 2015.

During the fiscal years ended July 3, 2016, June 28, 2015 and June 29, 2014, the Company expended $60.6 million, $52.1 million and $36.6 million, respectively, on technology and development, of which $21.4 million, $17.4 million and $14.1 million, respectively, has been capitalized.

General and Administrative Expense

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
General and administrative	**$ 84,383**	-1.8%	$ 85,908	56.9%	$ 54,754
Percentage of sales	**7.2%**		7.7%		7.2%

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 decreased 1.8% (7.2% as a percentage of revenues) during the fiscal year ended July 3, 2016 in comparison to the prior year (7.7% as a percentage of revenues), as result of synergistic savings, integration expenses incurred in the prior year, and a decrease in performance based bonuses and integration expenses, partially offset by the incremental general and administrative expenses of Harry & David, which was acquired on September 30, 2014. General and administrative expense increased by 56.9% during the fiscal year ended June 28, 2015 in comparison to the prior year, as a result of incremental general and administrative expense of Harry & David, acquired on September 30, 2014, and the related acquisition and integration expenses of $9.6 million during the fiscal year ended June 28, 2015. Excluding the impact of acquisitions, organic general and administrative expense as a percentage of net revenues, adjusted for the estimated lost revenue from the warehouse fire, was 7.2% during the fiscal year ended June 28, 2015.

Depreciation and Amortization

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Depreciation and amortization	**$ 32,384**	11.2%	$ 29,124	46.7%	$19,848
Percentage of sales	**2.8%**		2.6%		2.6%

Depreciation and amortization expense increased by 11.2% during the fiscal year ended July 3, 2016 in comparison to the prior year, as a result of the incremental depreciation and amortization expenses of Harry & David, acquired on September 30, 2014, including the impact of the additional intangibles amortization, as well as a result of the Company's technology improvements. Depreciation and amortization expense increased by 46.7% during the fiscal year ended June 28, 2015 in comparison to the prior year, as a result of the incremental depreciation and amortization expenses of Harry & David, acquired on September 30, 2014, including the impact of the additional intangibles amortization.

Interest Expense, net

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Interest expense, net	**$ 6,674**	16.0%	$ 5,753	340.8%	$ 1,305

Interest expense, net consists primarily of interest expense and amortization of deferred financing costs attributable to the Company's credit facility (See Note 9. Long-Term Debt in Item 15 for details regarding the 2014 Credit Facility), net of income earned on the Company's available cash balances.

Interest expense, net increased 16.0% during the year ended July 3, 2016 in comparison to the prior year, as a result of the additional interest expense and deferred financing costs associated with the term debt used to finance the Harry & David acquisition, entered into on September 30, 2014 and the additional interest expense on the Company's revolver to fund the working capital requirements of Harry & David during the first quarter of the current fiscal year. Interest expense, net increased 340.8% during the fiscal year ended June 28, 2015 in comparison to the prior year, as a result of the additional interest expense associated with the Term Loan used to finance the Harry & David acquisition and related working capital requirements of Harry & David.

Other (income) Expense, net

	Years Ended				
	July 3, 2016	% Change	June 28, 2015	% Change	June 29, 2014
	(dollars in thousands)				
Other (income) expense, net	**$(14,839)**	1,057.4%	$ 1,550	2,880.8%	$ 52

Other (income) expense, net for the year ended July 3, 2016 consists primarily of a $19.6 million gain on insurance recoveries related to the Fannie May warehouse fire (see Note 18. Fire at the Fannie May Warehouse and Distribution Facility in Item 15 for details), offset by a $2.1 million impairment of iFlorist assets held for sale and loss on sale (see Note 4. Acquisitions and Dispositions in Item 15 for details), a $1.7 million impairment of the Company's investment in Flores Online (see Note 2. Significant Accounting Policies in Item 15 for details), and a $0.7 million impairment of cost method investments (see Note 2. Significant Accounting Policies in Item 15 for details).

Other (income) expense, net for the year ended June 28, 2015 consists primarily of losses on the sale of the Company's Fine Stationery ($0.5 million) and Pingg ($0.6 million) brands during June 2015, as well as losses from its equity interest in Flores Online, partially offset by an increase in investment income in the Company's Non-Qualified Deferred Compensation Plan.

Income Taxes

During the fiscal years ended July 3, 2016, June 28, 2015 and June 29, 2014, the Company recorded income tax expense from continuing operations of $15.6 million, $10.9 million and $8.4 million, respectively, resulting in an effective tax rate of 30.3%, 36.1% and 37.6%, respectively. The Company's effective tax rate differed from the U.S. federal statutory rate of 35% primarily due to the impact of state income taxes, valuation allowance changes, rate differences, tax settlements, various tax credits/deductions as well as deductible stock-based compensation.

At July 3, 2016 the Company's federal net operating loss carryforwards were $2.2 million, which if not utilized, will begin to expire in fiscal 2025. The federal net operating loss is subject to Section 382 limitations of $0.3 million per year. The Company's foreign net operating loss carryforward was $10.5 million, while the state net operating losses were $5.7 million, before federal benefit, which if not utilized, will begin to expire in fiscal 2017.

Discontinued Operations

During the fourth quarter of fiscal 2013, the Company made the strategic decision to divest the e-commerce and procurement businesses of its Winetasting Network subsidiary in order to focus on growth opportunities in its Gourmet Foods and Gift Baskets business segment. The Company closed on the sale of its e-commerce and procurement businesses on December 31, 2013. The Company had originally estimated a loss of $2.3 million ($1.5 million, net of tax), which was provided for during the fourth quarter of fiscal 2013, but the loss was reduced to $1.0 million, upon finalization of terms and closing on the sale. As a result, the Company reversed $1.3 million ($0.8 million, net of tax) of its accrual for the estimated loss during the fiscal year ended June 29, 2014. The Company has classified the results of the e-commerce and procurement business of The Winetasting Network as a discontinued operation for fiscal 2014.

Results for discontinued operations are as follows:

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands, except per share data)		
Net revenues from discontinued operations	**$ —**	$ —	$ 1,669
Loss from discontinued operations, net of tax	**$ —**	$ —	$ (86)
Gain on sale of discontinued operations, net of tax	**$ —**	$ —	$ 815
Income from discontinued operations	**$ —**	$ —	$ 729

Liquidity and Capital Resources

Cash Flows

At July 3, 2016, the Company had working capital of $45.8 million, including cash and cash equivalents of $27.8 million, compared to working capital of $31.5 million, including cash and cash equivalents of $27.9 million at June 28, 2015.

Net cash provided by operating activities of $57.7 million for the fiscal year ended July 3, 2016 was primarily related to net income, adjusted for non-cash charges for depreciation and amortization, stock-based compensation, deferred income taxes, bad debt expense and the impairments/sale of iFlorist and foreign equity investments, partially offset by working capital changes primarily related to timing of collection of trade receivables (net of the collection of the Fannie May fire insurance settlement), inventory build to restore Fannie May product levels, and decreases in accounts payable and accrued expenses, primarily related to the timing of year end resulting from the 53rd week in fiscal 2016.

Net cash used in investing activities of $33.9 million was attributable to capital expenditures related to the Company's technology infrastructure, as well as improvements and equipment purchases within the Gourmet Food & Gift Baskets segment. Fiscal 2017 capital spending is expected to be consistent with fiscal 2016.

Net cash used in financing activities of $23.9 million for the fiscal year ended July 3, 2016 was for term debt repayment on borrowings under the Company's 2014 Credit Facility of $14.5 million, and the acquisition of $15.2 million of treasury stock, partially offset by proceeds from exercises of employee stock options of $3.5 million and excess tax benefits from stock based compensation of $2.4 million. As of July 3, 2016 there were no borrowings outstanding under the Company's Revolver.

Credit Facility

See Note 9. Long-Term Debt in Item 15 for details regarding the 2014 Credit Facility.

Despite the current challenging economic environment, the Company believes that cash flows from operations along with available borrowings from its 2014 Credit Facility will be a sufficient source of liquidity. Due to the seasonal nature of the Company's business, and its continued expansion into non-floral products, including the acquisition of Harry & David, the Thanksgiving through Christmas holiday season, which falls within the Company's second fiscal quarter, is expected to generate nearly 50% of the Company's annual revenues, and all of its earnings. As a result, the Company expects to generate significant cash from operations during its second quarter, and then utilize that cash for operating needs during its fiscal third and fourth quarters, after which time the Company expects to borrow against its Revolver to fund pre-holiday manufacturing and inventory purchases. Borrowings under the Revolver typically peak in November, at which time cash generated from operations during the Christmas holiday shopping season are expected to enable the Company to repay working capital borrowings prior to the end of December.

Stock Repurchase Program

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. In June 2015, the Company's Board of Directors authorized an increase of $25 million to its stock repurchase plan. The Company repurchased a total of $15.2 million (1,714,550 shares), $8.4 million (1,056,038 shares) and $8.3 million (1,561,206 shares) during the fiscal years ended July 3, 2016, June 28, 2015 and June 29, 2014, respectively, under this program. As of July 3, 2016, $12.0 million remains authorized under the plan.

Contractual Obligations

At July 3, 2016, the Company's contractual obligations from continuing operations consist of:

	Payments due by period (in thousands)				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-term debt obligations (including interest)	$125,278	$ 22,643	$ 52,417	$ 50,218	$ —
Operating lease obligations	121,873	19,671	32,083	21,338	48,781
Purchase commitments(*)	93,519	89,677	3,823	19	—
Unrecognized tax liabilities	1,157	946	211	—	—
Total	$341,827	$ 132,937	$ 88,534	$ 71,575	$ 48,781

(*) Purchase commitments consist primarily of inventory and equipment purchase orders 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, net of discounts, returns and credits. Net revenues are recognized primarily upon product delivery and do not include sales tax. 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 primarily 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. In establishing the appropriate provisions for customer receivable balances, the Company makes assumptions with respect to their future collectability. The Company's assumptions are based on an assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivable balances. Once the Company considers the factors above, an appropriate provision is made, which takes into account the severity of the likely loss on the outstanding receivable balance based on the Company's experience in collecting these amounts. 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

Inventories are valued at the lower of cost or market using the first-in, first-out method of accounting. The Company also records an inventory obsolescence reserve, which represents the difference between the cost of the inventory and its estimated realizable value, based on various product sales projections. This reserve is determined by analyzing inventory skus based on age, expiration, historical trends and requirements to support forecasted sales. In addition, and as necessary, the Company may establish specific reserves for future known or anticipated events.

Business Combinations

The Company accounts for business combinations in accordance with ASC Topic 805 which requires, among other things, the acquiring entity in a business combination to recognize the fair value of all the assets acquired and liabilities assumed; the recognition of acquisition-related costs in the consolidated results of operations; the recognition of restructuring costs in the consolidated results of operations for which the acquirer becomes obligated after the acquisition date; and contingent purchase consideration to be recognized at their fair values on the acquisition date with subsequent adjustments recognized in the consolidated results of operations. The fair values assigned to identifiable intangible assets acquired are determined primarily by using an income approach which is based on assumptions and estimates made by management. Significant assumptions utilized in the income approach are based on company specific information and projections which are not observable in the market and are therefore considered Level 3 measurements. The excess of the purchase price over the fair value of the identified assets and liabilities is recorded as goodwill. Operating results of the acquired entity are reflected in the Company's consolidated financial statements from date of acquisition.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in each business combination, with the carrying value of the Company's goodwill allocated to its reporting units, in accordance with the acquisition method of accounting. Goodwill is not amortized, but it is subject to an annual assessment for impairment, which the Company performs during the fourth quarter, or more frequently if events occur or circumstances change such that it is more likely than not that an impairment may exist. The Company tests goodwill for impairment at the reporting unit level. The Company identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components.

In applying the goodwill impairment test, the Company has the option to perform a qualitative test (also known as "Step 0") or a two-step quantitative test (consisting of "Step 1" and "Step 2"). Under the Step 0 test, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value. Qualitative factors may include, but are not limited to economic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit and other entity and reporting unit specific events. If after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the fair value of the reporting unit is less than the carrying value, then performing the two-step quantitative test is necessary.

The first step ("Step 1") of the two-step quantitative test requires comparison of the fair value of each of the reporting units to the respective carrying value. If the carrying value of the reporting unit is less than the fair value, no impairment exists and the second step ("Step 2") is not performed. If the carrying value of the reporting unit is higher than the fair value, Step 2 must be performed to compute the amount of the goodwill impairment, if any. In Step 2, the impairment is computed by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for the excess.

The Company generally estimates the fair value of a reporting unit using an equal weighting of the income and market approaches. The Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, the Company engages third-party valuation specialists. Under the income approach, the Company uses a discounted cash flow methodology which requires management to make significant estimates and assumptions related to forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others. For the market approach, the Company uses the guideline public company method. Under this method the Company utilizes information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units, to create valuation multiples that are applied to the operating performance of the reporting unit being tested, in order to obtain their respective fair values. The Company also reconciles the aggregate fair values of its reporting units determined in the first step (as described above) to its current market capitalization, allowing for a reasonable control premium.

During fiscal 2016 the Company performed a Step 0 analysis and determined that it is not "more likely than not" that the fair values of the reporting units were less than their carrying amounts. During fiscal years 2015 and 2014, the Company performed the two-step quantitative impairment test.

Other Intangibles, net

Other intangibles consist of definite-lived intangible assets (such as investment in licenses, customer lists, and others) and indefinite-lived intangible assets (such as acquired trade names and trademarks). The cost of definite-lived intangible assets is amortized to reflect the pattern of economic benefits consumed, over the estimated periods benefited, ranging from 3 to 16 years, while indefinite-lived intangible assets are not amortized.

Long-lived assets, such as definite-lived intangibles and property, plant and equipment are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying value. If the projected undiscounted cash flows are less than the carrying value, then an impairment charge would be recorded for the excess of the carrying value over the fair value, which is determined by discounting future cash flows.

The Company tests indefinite-lived intangible assets for impairment at least annually, during the fourth quarter, or whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. In applying the impairment test, the Company has the option to perform a qualitative test (also known as "Step 0") or a quantitative test. Under the Step 0 test, the Company assesses qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. Qualitative factors may include, but are not limited to economic conditions, industry and market considerations, cost factors, financial performance, legal and other entity and asset specific events. If after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the indefinite-lived intangible asset is impaired, then performing the quantitative test is necessary. The quantitative impairment test for indefinite-lived intangible assets encompasses calculating a fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. If the carrying value exceeds the fair value, impairment is recognized for the difference. To determine fair value of other indefinite-lived intangible assets, the Company uses an income approach, the relief-from-royalty method. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. Other indefinite-lived intangible assets' fair values require significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value.

During fiscal 2016 the Company performed a Step 0 analysis and determined that it is not "more likely than not" that the fair values of the indefinite-lived intangibles were less than their carrying amounts. During fiscal years 2015 and 2014, the Company performed the two-step quantitative impairment test.

Income Taxes

The Company uses the asset and liability method to account for income taxes. The Company has established deferred 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 recognizes as a deferred tax asset, the tax benefits associated with losses related to operations. Realization of these deferred tax assets assumes that we will be able to generate sufficient future taxable income so that these assets will be realized. The factors that the Company considers 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.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than a 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits ("UTBs") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to UTBs in income tax expense. Assumptions, judgment and the use of estimates are required in determining if the "more likely than not" standard has been met when developing the provision for income taxes.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This amended guidance will enhance the comparability of revenue recognition practices and will be applied to all contracts with customers. Expanded disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized are requirements under the amended guidance. This guidance will be effective for the Company's fiscal year ending June 30, 2019 and may be applied retrospectively. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This standard provides guidance to help entities determine whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software or as a service contract. Upon adoption, an entity has the option to apply the provisions of ASU 2015-05 either prospectively to all arrangements entered into or materially modified, or retrospectively. This standard is effective for the Company's fiscal year ending July 2, 2017. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which amends ASC 835-30, "Interest – Imputation of Interest." In order to simplify the presentation of debt issuance costs, ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from that debt liability, consistent with the presentation of a debt discount. This presentation is consistent with the guidance in Concepts Statement 6, which states that debt issuance costs are similar to a debt discount and in effect reduce the proceeds of borrowing, thereby increasing the effective interest rate. Concepts Statement 6 further states that debt issuance costs are not assets because they provide no future economic benefit. This new guidance is effective for the Company's fiscal year ending July 2, 2017 and should be applied retrospectively.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330)." The pronouncement was issued to simplify the measurement of inventory and changes the measurement from lower of cost or market to lower of cost and net realizable value. ASU 2015-11 is effective for the Company's fiscal year ending July 1, 2018. The adoption of ASU 2015-11 is not expected to have a significant impact on the Company's consolidated financial position or results of operations.

In November 2015 the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes," which will require entities to present deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") as noncurrent in a classified balance sheet. The ASU simplifies the current guidance (ASC 740-10-45-4), which requires entities to separately present DTAs and DTLs as current and noncurrent in a classified balance sheet. The ASU is effective for the Company's fiscal year ending July 1, 2018, and interim periods within those annual periods. However, the FASB allowed early adoption of the standard, and therefore, the Company adopted this ASU as of December 27, 2015, and has reclassified all prior periods to be consistent with the requirements outlined in the ASU. The impact of the adoption was to reclassify and net $4.9 million of current deferred tax assets within long-term deferred tax liabilities, as of June 28, 2015.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities." The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. These changes become effective for the Company's fiscal year ending June 30, 2019. The adoption is not expected to have a significant impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for the Company's fiscal year ending June 28, 2020. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In March 2016 the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 affects all entities that issue share-based payment awards to their employees. ASU No. 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows, including recognizing all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement rather than in additional paid-in capital. ASU No. 2016-09 is effective for the Company's fiscal year ending July 1, 2018. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In June 2016, the FASB issued ASU no. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 introduces a new forward-looking "expected loss" approach, to estimate credit losses on most financial assets and certain other instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. ASU 2016-13 is effective for the Company's fiscal year ending July 4, 2021, and the guidance is to be applied using the modified-retrospective approach. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from the effect of interest rate changes and changes in the market values of its investments.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's investment of available cash balances and its long-term debt. The Company generally invests its cash and cash equivalents in investment grade corporate and U.S. government securities. Due to the currently low rates of return the Company is receiving on its cash equivalents, the potential for a significant decrease in short-term interest rates is low and, therefore, a further decrease would not have a material impact on the Company's interest income. Borrowings under the Company's credit facility bear interest at a variable rate, plus an applicable margin, and therefore expose the Company to market risk for changes in interest rates. The effect of a 50 basis point increase in current interest rates on the Company's interest expense would be approximately $0.7 million during year ended July 3, 2016.

Special Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's current expectations or beliefs concerning future events and can generally be identified by the use of statements that include words such as "estimate," "expects," "project," "believe," "anticipate," "intend," "plan," "foresee," "likely," "will," or similar words or phrases. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results expressed or implied in the forward-looking statements, including, among others: the Company's ability to achieve its guidance for revenue, EBITDA and EPS; its ability to manage the significant seasonality of its business; its ability to integrate the operations of acquired companies, including Harry & David; its ability to cost effectively acquire and retain customers; the outcome of contingencies, including legal proceedings in the normal course of business; its ability to compete against existing and new competitors; its ability to manage expenses associated with sales and marketing and necessary general and administrative and technology investments and general consumer sentiment and economic conditions that may affect levels of discretionary customer purchases of the Company's products. The Company undertakes no obligation to publicly update any of the forward-looking statements, whether as a result of new information, future events or otherwise, made in this annual report or in any of its SEC filings except as may be otherwise stated by the Company. For a more detailed description of these and other risk factors, and a list of definitions of non-GAAP terms, including EBITDA and Free Cash Flow, among others, please refer to the Company's SEC filings including the Company's Annual Reports on Form 10-K and its Quarterly Reports on Form 10-Q. Consequently, you should not consider any such list to be a complete set 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 2016 and 2015. 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.

	Jul. 3, 2016	Mar. 27, 2016	Dec. 27, 2015	Sep. 28, 2015	Jun. 28, 2015	Mar. 29, 2015	Dec. 28, 2014	Sep. 28, 2014
	(in thousands, except per share data)							
Net revenues:								
E-commerce (telephonic/online)	$186,411	$179,413	$412,261	$104,697	$178,830	$177,903	$409,082	$ 84,038
Other	47,984	54,794	136,120	51,344	49,461	54,334	125,193	42,665
Total net revenues	234,395	234,207	548,381	156,041	228,291	232,237	534,275	126,703
Cost of revenues	133,750	137,486	295,798	88,532	130,156	136,915	293,850	73,390
Gross Profit	100,645	96,721	252,583	67,509	98,135	95,322	240,425	53,313
Operating expenses:								
Marketing and sales	74,608	71,502	119,539	52,526	71,629	70,574	122,026	35,572
Technology and development	10,175	9,903	9,845	9,311	9,427	10,389	9,329	5,600
General and administrative	23,351	21,006	20,055	19,971	23,910	22,772	25,558	13,668
Depreciation and amortization	8,105	7,546	8,761	7,972	7,519	7,825	8,679	5,101
Total operating expenses	116,239	109,957	158,200	89,780	112,485	111,560	165,592	59,941
Operating income (loss)	(15,594)	(13,236)	94,383	(22,271)	(14,350)	(16,238)	74,833	(6,628)
Interest expense, net	1,382	1,239	2,162	1,891	—	—	—	—
Other (income) expense, net	312	145	242	(15,538)	2,281	1,631	2,638	753
Income (loss) before income taxes	(17,288)	(14,620)	91,979	(8,624)	(16,631)	(17,869)	72,195	(7,381)
Income tax expense (benefit)	(6,234)	(5,494)	30,495	(3,188)	(5,866)	(7,056)	26,655	(2,803)
Net income (loss)	(11,054)	(9,126)	61,484	(5,436)	(10,765)	(10,813)	45,540	(4,578)
Less: Net loss attributable to noncontrolling interest	—	—	(55)	(952)	(26)	(318)	(231)	(328)
Net income (loss) attributable to 1-800-FLOWERS.COM, Inc.	$(11,054)	$ (9,126)	$ 61,539	$ (4,484)	$ (10,739)	$ (10,495)	$ 45,771	$ (4,250)
Basic net income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.								
From continuing operations	$ (0.17)	$ (0.14)	$ 0.95	$ (0.07)	$ (0.16)	$ (0.16)	$ 0.71	$ (0.07)
From discontinued operations	—	—	—	—	—	—	—	—
Basic net income per common share	$ (0.17)	$ (0.14)	$ 0.95	$ (0.07)	$ (0.16)	$ (0.16)	$ 0.71	$ (0.07)
Diluted net income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.								
From continuing operations	$ (0.17)	$ (0.14)	$ 0.92	$ (0.07)	$ (0.16)	$ (0.16)	$ 0.68	$ (0.07)
From discontinued operations	—	—	—	—	—	—	—	—
Diluted net income per common share	$ (0.17)	$ (0.14)	$ 0.92	$ (0.07)	$ (0.16)	$ (0.16)	$ 0.68	$ (0.07)
Weighted average shares used in the calculation of net income (loss) per common share:								
Basic	65,376	64,687	64,669	64,825	65,188	64,909	64,443	63,948
Diluted	65,376	64,687	66,979	64,825	65,188	64,909	67,061	63,948

The Company's quarterly results may experience seasonal fluctuations – see the Seasonality section in Item 1 of the Company's Annual Report on Form 10-K for details. Refer above to the Results of Operations section in Item 7 of the Company's Annual Report on Form 10-K for a discussion of significant events and transactions.

Consolidated Balance Sheets

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

(in thousands, except share data)

	July 3, 2016	June 28, 2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 27,826**	$ 27,940
Trade receivables, net	**19,123**	16,191
Insurance receivable	**—**	2,979
Inventories	**103,328**	93,163
Prepaid and other	**16,382**	14,822
Total current assets	**166,659**	155,095
Property, plant and equipment, net	**171,362**	170,100
Goodwill	**77,667**	77,097
Other intangibles, net	**79,000**	82,125
Other assets	**11,826**	12,656
Total assets	**$506,514**	$497,073
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	**$ 35,201**	$ 35,425
Accrued expenses	**66,066**	73,639
Current maturities of long-term debt	**19,594**	14,543
Total current liabilities	**120,861**	123,607
Long-term debt	**97,969**	117,563
Deferred tax liabilities	**35,517**	37,807
Other liabilities	**9,581**	7,840
Total liabilities	**$263,928**	$286,817
Commitments and contingencies (Note 17)		
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, 48,846,449 and 42,875,291 shares issued in 2016 and 2015, respectively	**488**	429
Class B common stock, $.01 par value, 200,000,000 shares authorized, 35,263,004 and 39,310,044 shares issued in 2016 and 2015, respectively	**353**	393
Additional paid-in capital	**331,349**	319,108
Retained deficit	**(11,403)**	(48,278)
Accumulated other comprehensive loss	**(146)**	(371)
Treasury stock, at cost, 13,589,025 and 11,874,475 Class A shares in 2016 and 2015, respectively, and 5,280,000 Class B shares in 2016 and 2015	**(78,055)**	(62,832)
Total 1-800-FLOWERS.COM, Inc. stockholders' equity	**242,586**	208,449
Noncontrolling interest in subsidiary	**—**	1,807
Total equity	**242,586**	210,256
Total liabilities and equity	**$506,514**	$497,073

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

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

(in thousands, except per share data)

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
Net revenues	**$1,173,024**	$1,121,506	$756,345
Cost of revenues	**655,566**	634,311	440,672
Gross profit	**517,458**	487,195	315,673
Operating expenses:			
Marketing and sales	**318,175**	299,801	194,847
Technology and development	**39,234**	34,745	22,518
General and administrative	**84,383**	85,908	54,754
Depreciation and amortization	**32,384**	29,124	19,848
Total operating expenses	**474,176**	449,578	291,967
Operating income	**43,282**	37,617	23,706
Interest expense, net	**6,674**	5,753	1,305
Other (income) expense, net	**(14,839)**	1,550	52
Income from continuing operations before income taxes	**51,447**	30,314	22,349
Income tax expense from continuing operations	**15,579**	10,930	8,403
Income from continuing operations	**35,868**	19,384	13,946
Loss from discontinued operations, net of tax	**—**	—	(86)
Gain on sale of discontinued operations, net of tax	**—**	—	815
Income from discontinued operations, net of tax	**—**	—	729
Net income	**$ 35,868**	$ 19,384	$ 14,675
Less: Net loss attributable to noncontrolling interest	**(1,007)**	(903)	(697)
Net income attributable to 1-800-FLOWERS.COM, Inc.	**$ 36,875**	$ 20,287	$ 15,372
Basic net income per common share attributable to 1-800-FLOWERS.COM, Inc.			
From continuing operations	**$ 0.57**	$ 0.31	$ 0.23
From discontinued operations	**—**	—	0.01
Basic net income per common share	**$ 0.57**	$ 0.31	$ 0.24
Diluted net income per common share attributable to 1-800-FLOWERS.COM, Inc.			
From continuing operations	**$ 0.55**	$ 0.30	$ 0.22
From discontinued operations	**—**	—	0.01
Diluted net income per common share	**$ 0.55**	$ 0.30	$ 0.23
Weighted average shares used in the calculation of net income per common share:			
Basic	**64,896**	64,976	64,035
Diluted	**67,083**	67,602	66,460

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

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

(in thousands)

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
Net income	**$35,868**	$19,384	$14,675
Other comprehensive income/(loss) (currency translation)	**252**	(505)	(75)
Comprehensive income	**36,120**	18,879	14,600
Less:			
Net loss attributable to noncontrolling interest	**(1,007)**	(903)	(697)
Other comprehensive income (loss) (currency translation) attributable to noncontrolling interest	**87**	(180)	(29)
Comprehensive net loss attributable to noncontrolling interest	**(920)**	(1,083)	(726)
Comprehensive income attributable to 1-800-FLOWERS.COM, Inc.	**$37,040**	$19,962	$15,326

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

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

Years ended July 3, 2016, June 28, 2015 and June 29, 2014

(in thousands, except share data)

	Common Stock Class A Shares	Common Stock Class A Amount	Common Stock Class B Shares	Common Stock Class B Amount	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total 1-800-FLOWERS.COM, Inc. Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at June 30, 2013	36,280,425	$ 362	42,125,465	$ 421	$ 298,580	$ (83,937)	$ —	14,537,231	$(46,155)	$ 169,271	$ —	$169,271
Net income	—	—	—	—	—	15,372	—	—	—	15,372	(697)	14,675
Translation adjustment	—	—	—	—	—	—	(46)	—	—	(46)	(29)	(75)
Conversion of Class B stock into Class A stock	66,871	1	(66,871)	(1)	—	—	—	—	—	—	—	—
Stock-based compensation	1,608,052	16	—	—	4,648	—	—	—	—	4,664	—	4,664
Exercise of stock options	164,050	2	—	—	525	—	—	—	—	527	—	527
Excess tax benefit from stock-based compensation	—	—	—	—	1,757	—	—	—	—	1,757	—	1,757
Acquisition of Class A treasury stock	—	—	—	—	—	—	—	1,561,206	(8,317)	(8,317)	—	(8,317)
Noncontrolling interest	—	—	—	—	—	—	—	—	—	—	3,616	3,616
Balance at June 29, 2014	38,119,398	381	42,058,594	420	305,510	(68,565)	(46)	16,098,437	(54,472)	183,228	2,890	186,118
Net income	—	—	—	—	—	20,287	—	—	—	20,287	(903)	19,384
Translation adjustment	—	—	—	—	—	—	(325)	—	—	(325)	(180)	(505)
Conversion of Class B stock into Class A stock	2,748,550	27	(2,748,550)	(27)	—	—	—	—	—	—	—	—
Stock-based compensation	1,154,173	12	—	—	5,950	—	—	—	—	5,962	—	5,962
Exercise of stock options	853,170	9	—	—	5,533	—	—	—	—	5,542	—	5,542
Excess tax benefit from stock-based compensation	—	—	—	—	2,115	—	—	—	—	2,115	—	2,115
Acquisition of Class A treasury stock	—	—	—	—	—	—	—	1,056,038	(8,360)	(8,360)	—	(8,360)
Balance at June 28, 2015	42,875,291	429	39,310,044	393	319,108	(48,278)	(371)	17,154,475	(62,832)	208,449	1,807	210,256
Net income	—	—	—	—	—	36,875	—	—	—	36,875	(1,007)	35,868
Translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**165**	**—**	**—**	**165**	**87**	**252**
Noncontrolling interest write-off	**—**	**—**	**—**	**—**	**—**	**—**	**60**	**—**	**—**	**60**	**(887)**	**(827)**
Conversion of Class B stock into Class A stock	**4,047,040**	**40**	**(4,047,040)**	**(40)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Stock-based compensation	**879,863**	**9**	**—**	**—**	**6,334**	**—**	**—**	**—**	**—**	**6,343**	**—**	**6,343**
Exercise of stock options	**1,044,255**	**10**	**—**	**—**	**3,507**	**—**	**—**	**—**	**—**	**3,517**	**—**	**3,517**
Excess tax benefit from stock-based compensation	**—**	**—**	**—**	**—**	**2,400**	**—**	**—**	**—**	**—**	**2,400**	**—**	**2,400**
Acquisition of Class A treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,714,550**	**(15,223)**	**(15,223)**	**—**	**(15,223)**
Balance at July 3, 2016	**48,846,449**	**$ 488**	**35,263,004**	**$ 353**	**$ 331,349**	**$ (11,403)**	**$ (146)**	**18,869,025**	**$(78,055)**	**$ 242,586**	**$ —**	**$242,586**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

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

(in thousands)

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
Operating activities:			
Net income	**$ 35,868**	$ 19,384	$ 14,675
Reconciliation of net income to net cash provided by operating activities, net of acquisitions/dispositions:			
Operating activities of discontinued operations	**—**	—	1,587
Gain on sale of discontinued operations	**—**	—	(1,300)
Depreciation and amortization	**32,384**	29,124	19,848
Amortization of deferred financing costs	**1,791**	1,501	306
Deferred income taxes	**(3,000)**	2,471	1,454
Foreign equity investment impairment	**2,278**	—	—
Loss on sale/impairment of iFlorist	**1,990**	—	—
Non-cash impact of write-offs related to warehouse fire	**—**	29,522	—
Bad debt expense	**1,278**	1,295	1,656
Stock-based compensation	**6,343**	5,962	4,664
Excess tax benefit from stock-based compensation	**(2,400)**	(2,550)	(1,837)
Other non-cash items	**517**	1,439	755
Changes in operating items:			
Trade receivables	**(4,210)**	8,331	(1,893)
Insurance receivable	**2,979**	(2,979)	—
Inventories	**(10,216)**	26,390	(2,564)
Prepaid and other	**(1,560)**	8,047	436
Accounts payable and accrued expenses	**(6,429)**	(2,235)	2,660
Other assets	**(29)**	(1,058)	(262)
Other liabilities	**89**	1,089	2,355
Net cash provided by operating activities	**57,673**	125,733	42,539
Investing activities:			
Acquisitions, net of cash acquired	**—**	(131,994)	(9,000)
Capital expenditures, net of non-cash expenditures	**(33,938)**	(32,572)	(22,985)
Other	**—**	963	(3)
Investing activities of discontinued operations	**—**	—	500
Net cash used in investing activities	**(33,938)**	(163,603)	(31,488)
Financing activities:			
Acquisition of treasury stock	**(15,223)**	(8,360)	(8,317)
Excess tax benefit from stock based compensation	**2,400**	2,550	1,837
Proceeds from exercise of employee stock options	**3,517**	5,542	527
Proceeds from bank borrowings	**178,000**	239,500	127,000
Repayment of notes payable and bank borrowings	**(192,543)**	(172,983)	(127,052)
Debt issuance cost	**—**	(5,642)	—
Other	**—**	—	3
Net cash (used in) provided by financing activities	**(23,849)**	60,607	(6,002)
Net change in cash and cash equivalents	**(114)**	22,737	5,049
Cash and cash equivalents:			
Beginning of year	**27,940**	5,203	154
End of year	**$ 27,826**	$ 27,940	$ 5,203

Supplemental Cash Flow Information:

- Interest paid amounted to $5.0 million, $4.3 million and $1.0 million, for the years ended July 3, 2016, June 28, 2015 and June 29, 2014, respectively.
- The Company paid income taxes of approximately $13.4 million, $5.1 million and $7.0 million, net of tax refunds received, for the years ended July 3, 2016, June 28, 2015, and June 29, 2014, respectively.

See accompanying Notes to Consolidated Financial Statements.

Note 1. Description of Business

1-800-FLOWERS.COM, Inc. and its subsidiaries (collectively, the "Company") is a leading provider of gourmet food and floral gifts for all occasions. For the past 40 years, 1-800-FLOWERS® (1-800-356-9377 or www.1800flowers.com) has been helping deliver smiles for our customers with gifts for every occasion, including fresh flowers and the finest selection of plants, gift baskets, gourmet foods, confections, candles, balloons and plush stuffed animals. As always, our 100% Smile Guarantee® backs every gift.

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 premium, gift-quality fruits and other gourmet items from Harry & David® (1-877-322-1200 or www.harryanddavid.com), popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); cookies and baked gifts from Cheryl's® (1-800-443-8124 or www.cheryls.com); premium chocolates and confections from Fannie May® (www.fanniemay.com and www.harrylondon.com); gift baskets and towers from 1-800- Baskets.com® (www.1800baskets.com); premium English muffins and other breakfast treats from Wolferman's® (1-800-999-1910 or www.wolfermans.com); carved fresh fruit arrangements from FruitBouquets.com (www.fruitbouquets.com); and top quality steaks and chops from Stock Yards® (www.stockyards.com).

Note 2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of 1-800-FLOWERS.COM, Inc. and its subsidiaries (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. During fiscal 2016, 2015, and 2014 approximately 1%, 2%, and 2% respectively, of consolidated net revenue came from international sources.

During the fourth quarter of fiscal 2013, the Company made the strategic decision to divest the e-commerce and procurement businesses of its Winetasting Network subsidiary in order to focus on growth opportunities in its Gourmet Foods and Gift Baskets business segment. The Company closed on the sale of its Winetasting Network business on December 31, 2013. The Company has classified the results of the e-commerce and procurement business of The Winetasting Network as a discontinued operation in fiscal 2014.

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to June 30. Fiscal year 2016, which ended on July 3, 2016, consisted of 53 weeks, while fiscal years 2015 and 2014, which ended on June 28, 2015 and June 29, 2014, respectively, consisted of 52 weeks.

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 Cash Equivalents

Cash and cash 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 are stated at cost less accumulated depreciation and amortization. Depreciation expense is computed using the straight-line method over the assets' estimated useful lives. Amortization of leasehold improvements and capital leases is computed using the straight-line method over the shorter of the estimated useful lives and the initial lease terms. The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use software. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software. Orchards in production, consisting of direct labor and materials, supervision and other items, are capitalized as part of capital projects in progress – orchards until the orchards produce fruit in commercial quantities. Upon attaining commercial levels of production the capital investments in these orchards are recorded as land 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 and building improvements (years)	10 - 40
Leasehold improvements (years)	3 - 10
Furniture, fixtures and production equipment (years)	3 - 10
Software (years)	3 - 7
Orchards in production and land improvements	15 - 35

Property, plant and equipment are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in each business combination, with the carrying value of the Company's goodwill allocated to its reporting units, in accordance with the acquisition method of accounting. Goodwill is not amortized, but it is subject to an annual assessment for impairment, which the Company performs during the fourth quarter, or more frequently if events occur or circumstances change such that it is more likely than not that an impairment may exist. The Company tests goodwill for impairment at the reporting unit level. The Company identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components.

In applying the goodwill impairment test, the Company has the option to perform a qualitative test (also known as “Step 0”) or a two-step quantitative test (consisting of “Step 1” and “Step 2”). Under the Step 0 test, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value. Qualitative factors may include, but are not limited to economic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit and other entity and reporting unit specific events. If after assessing these qualitative factors, the Company determines it is “more-likely-than-not” that the fair value of the reporting unit is less than the carrying value, then performing the two-step quantitative test is necessary.

The first step (“Step 1”) of the two-step quantitative test requires comparison of the fair value of each of the reporting units to the respective carrying value. If the carrying value of the reporting unit is less than the fair value, no impairment exists and the second step (“Step 2”) is not performed. If the carrying value of the reporting unit is higher than the fair value, Step 2 must be performed to compute the amount of the goodwill impairment, if any. In Step 2, the impairment is computed by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for the excess.

The Company generally estimates the fair value of a reporting unit using an equal weighting of the income and market approaches. The Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, the Company engages third-party valuation specialists. Under the income approach, the Company uses a discounted cash flow methodology which requires management to make significant estimates and assumptions related to forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others. For the market approach, the Company uses the guideline public company method. Under this method the Company utilizes information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units, to create valuation multiples that are applied to the operating performance of the reporting unit being tested, in order to obtain their respective fair values. The Company also reconciles the aggregate fair values of its reporting units determined in the first step (as described above) to its current market capitalization, allowing for a reasonable control premium.

During fiscal 2016 the Company performed a Step 0 analysis and determined that it is not “more likely than not” that the fair values of the reporting units were less than their carrying amounts. During fiscal years 2015 and 2014, the Company performed the two-step quantitative impairment test.

Other Intangibles, net

Other intangibles consist of definite-lived intangible assets (such as investment in licenses, customer lists, and others) and indefinite-lived intangible assets (such as acquired trade names and trademarks). The cost of definite-lived intangible assets is amortized to reflect the pattern of economic benefits consumed, over the estimated periods benefited, ranging from 3 to 16 years, while indefinite-lived intangible assets are not amortized.

Definite-lived intangibles are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying value. If the projected undiscounted cash flows are less than the carrying value, then an impairment charge would be recorded for the excess of the carrying value over the fair value, which is determined by discounting future cash flows.

The Company tests indefinite-lived intangible assets for impairment at least annually, during the fourth quarter, or whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. In applying the impairment test, the Company has the option to perform a qualitative test (also known as “Step 0”) or a quantitative test. Under the Step 0 test, the Company assesses qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. Qualitative factors may include, but are not limited to economic conditions, industry and market considerations, cost factors, financial performance, legal and other entity and asset specific events. If after assessing these qualitative factors, the Company determines it is “more-likely-than-not” that the indefinite-lived intangible asset is impaired, then performing the quantitative test is necessary. The quantitative impairment test for indefinite-lived intangible assets encompasses calculating a fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. If the carrying value exceeds the fair value, impairment is recognized for the difference. To determine fair value of other indefinite-lived intangible assets, the Company uses an income approach, the relief-from-royalty method. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. Other indefinite-lived intangible assets’ fair values require significant judgments in determining both the assets’ estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value.

During fiscal 2016 the Company performed a Step 0 analysis and determined that it is not “more likely than not" that the fair values of the indefinite-lived intangibles were less than their carrying amounts. During fiscal years 2015 and 2014, the Company performed the two-step quantitative impairment test.

Business Combinations

The Company accounts for business combinations in accordance with ASC Topic 805 which requires, among other things, the acquiring entity in a business combination to recognize the fair value of all the assets acquired and liabilities assumed; the recognition of acquisition-related costs in the consolidated results of operations; the recognition of restructuring costs in the consolidated results of operations for which the acquirer becomes obligated after the acquisition date; and contingent purchase consideration to be recognized at their fair values on the acquisition date with subsequent adjustments recognized in the consolidated results of operations. The fair values assigned to identifiable intangible assets acquired are determined primarily by using an income approach which is based on assumptions and estimates made by management. Significant assumptions utilized in the income approach are based on company specific information and projections which are not observable in the market and are therefore considered Level 3 measurements. The excess of the purchase price over the fair value of the identified assets and liabilities is recorded as goodwill. Operating results of the acquired entity are reflected in the Company's consolidated financial statements from date of acquisition.

Deferred Catalog Costs

The Company capitalizes the costs of producing and distributing its catalogs. These costs are amortized in direct proportion to actual sales from the corresponding catalogs over a period not to exceed 12 months. Included within prepaid and other current assets was $3.0million and $2.5million at July 3, 2016 and June 28, 2015 respectively, relating to prepaid catalog expenses.

Investments

The Company has certain investments in non-marketable equity instruments of private companies. The Company accounts for these investments using the equity method if they provide the Company the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of the investee between 20% and 50%, although other factors, such as representation on the investee's Board of Directors, are considered in determining whether the equity method is appropriate. The Company records equity method investments initially at cost, and adjusts the carrying amount to reflect the Company's share of the earnings or losses of the investee.

The Company's equity method investments are comprised of a 32% interest in Flores Online, a Sao Paulo, Brazil based internet floral and gift retailer, that the Company made on May 31, 2012. The book value of this investment was $1.1 million as of July 3, 2016 and $2.9 million as of June 28, 2015, and is included in the "Other assets" line item within the Company's consolidated balance sheets. The Company's equity in the net income (loss) of Flores Online for the years ended July 3, 2016 and June 28, 2015 was $(0.1) million and $(0.3) million, respectively. During the quarter ended September 27, 2015, the Company determined that the fair value of its investment in Flores Online ($1.2 million) was below its carrying value ($2.9 million) and that this decline was other-than-temporary. As a result, the Company recorded an impairment charge of $1.7 million, which is included within the "Other (income) expense, net" line items in the Company's consolidated statements of income.

Investments in non-marketable equity instruments of private companies, where the Company does not possess the ability to exercise significant influence, are accounted for under the cost method. Cost method investments are originally recorded at cost, and are included within the "Other assets" line item within the Company's consolidated balance sheets. The aggregate carrying amount of the Company's cost method investments was $1.7 million as of July 3, 2016 (including a $1.5 million investment in Euroflorist – see Note 4) and $0.7 million as of June 28, 2015. During the quarter ended July 3, 2016, the Company determined that the fair value of one of its cost method investments was below its carrying value and that the decline was other-than-temporary. As a result the Company recorded an impairment charge of $0.5 million, which is included within the "Other (income) expense, net" line items in the Company's consolidated statements of income.

The Company also holds certain trading securities associated with its Non-Qualified Deferred Compensation Plan ("NQDC Plan"). These investments are measured using quoted market prices at the reporting date and are included in Other assets in the condensed consolidated balance sheets (see Note 10).

Each reporting period, the Company uses available qualitative and quantitative information to evaluate its investments for impairment. When a decline in fair value, if any, is determined to be other-than-temporary, an impairment charge is recorded in the consolidated statement of operations.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with high quality financial institutions. Concentration of credit risk with respect to accounts receivable is 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 ($2.1 million at July 3, 2016 and $2.2 million at June 28, 2015) 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, net of discounts, returns and credits. Net revenues are recognized primarily upon product delivery and do not include sales tax. 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 primarily 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 $133.1 million, $130.6 million and $83.0 million for the years ended July 3, 2016, June 28, 2015 and June 29, 2014, 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 websites, 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 seven years. Costs associated with repair maintenance or the development of website 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 restricted stock awards and other forms of equity compensation based upon the fair value of stock-based awards as measured at the grant date. The cost associated with share-based awards that are subject solely to time-based vesting requirements, less expected forfeitures, is recognized over the awards' service period for the entire award on a straight-line basis. The cost associated with performance-based equity awards is recognized for each tranche over the service period, based on an assessment of the likelihood that the applicable performance goals will be achieved.

Derivatives and hedging

The Company does not enter into derivative transactions for trading purposes, but rather, on occasion to manage its exposure to interest rate fluctuations. When entering into these transactions, the Company has managed its floating rate debt using interest rate swaps in order to reduce its exposure to the impact of changing interest rates on its consolidated results of operations and future cash outflows for interest. The Company did not have any open derivative positions at July 3, 2016 and June 28, 2015.

Income Taxes

The Company uses the asset and liability method to account for income taxes. The Company has established deferred 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 recognizes as a deferred tax asset, the tax benefits associated with losses related to operations. Realization of these deferred tax assets assumes that we will be able to generate sufficient future taxable income so that these assets will be realized. The factors that the Company considers 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.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than a 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits ("UTBs") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to UTBs in income tax expense. Assumptions, judgment and the use of estimates are required in determining if the "more likely than not" standard has been met when developing the provision for income taxes.

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 unvested restricted stock awards) outstanding during the period.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This amended guidance will enhance the comparability of revenue recognition practices and will be applied to all contracts with customers. Expanded disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized are requirements under the amended guidance. This guidance will be effective for the Company's fiscal year ending June 30, 2019 and may be applied retrospectively. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This standard provides guidance to help entities determine whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software or as a service contract. Upon adoption, an entity has the option to apply the provisions of ASU 2015-05 either prospectively to all arrangements entered into or materially modified, or retrospectively. This standard is effective for the Company's fiscal year ending July 2, 2017. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which amends ASC 835-30, "Interest – Imputation of Interest." In order to simplify the presentation of debt issuance costs, ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from that debt liability, consistent with the presentation of a debt discount. This presentation is consistent with the guidance in Concepts Statement 6, which states that debt issuance costs are similar to a debt discount and in effect reduce the proceeds of borrowing, thereby increasing the effective interest rate. Concepts Statement 6 further states that debt issuance costs are not assets because they provide no future economic benefit. This new guidance is effective for the Company's fiscal year ending July 2, 2017 and should be applied retrospectively.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330)." The pronouncement was issued to simplify the measurement of inventory and changes the measurement from lower of cost or market to lower of cost and net realizable value. ASU 2015-11 is effective for the Company's fiscal year ending July 1, 2018. The adoption of ASU 2015-11 is not expected to have a significant impact on the Company's consolidated financial position or results of operations.

In November 2015 the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes," which will require entities to present deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") as noncurrent in a classified balance sheet. The ASU simplifies the current guidance (ASC 740-10-45-4), which requires entities to separately present DTAs and DTLs as current and noncurrent in a classified balance sheet. The ASU is effective for the Company's fiscal year ending July 1, 2018, and interim periods within those annual periods. However, the FASB allowed early adoption of the standard, and therefore, the Company adopted this ASU as of December 27, 2015, and has reclassified all prior periods to be consistent with the requirements outlined in the ASU. The impact of the adoption was to reclassify and net $4.9 million of current deferred tax assets within long-term deferred tax liabilities, as of June 28, 2015.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities." The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. These changes become effective for the Company's fiscal year ending June 30, 2019. The adoption is not expected to have a significant impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for the Company's fiscal year ending June 28, 2020. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In March 2016 the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 affects all entities that issue share-based payment awards to their employees. ASU No. 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows, including recognizing all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement rather than in additional paid-in capital. ASU No. 2016-09 is effective for the Company's fiscal year ending July 1, 2018. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In June 2016, the FASB issued ASU no. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 introduces a new forward-looking "expected loss" approach, to estimate credit losses on most financial assets and certain other instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. ASU 2016-13 is effective for the Company's fiscal year ending July 4, 2021, and the guidance is to be applied using the modified-retrospective approach. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

Reclassifications

Certain balances in the prior fiscal years have been reclassified to conform to the presentation in the current fiscal year. See "Recent Accounting Pronouncements" above regarding the impact of our adoption of ASU No. 2015-17 upon the classification of deferred tax assets in our consolidated balance sheets.

Note 3 – Net Income Per Common Share from Continuing Operations

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

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands, except per share data)		
Numerator:			
Income from continuing operations	**$35,868**	$19,384	$13,946
Less: Net loss attributable to noncontrolling interest	**(1,007)**	(903)	(697)
Income from continuing operations attributable to 1-800-FLOWERS.COM, Inc.	**$36,875**	$20,287	$14,643
Denominator:			
Weighted average shares outstanding	**64,896**	64,976	64,035
Effect of dilutive securities:			
Employee stock options (1)	**1,294**	1,561	1,083
Employee restricted stock awards	**893**	1,065	1,342
	2,187	2,626	2,425
Adjusted weighted-average shares and assumed conversions	**67,083**	67,602	66,460
Net income per common share from continuing operations attributable to 1-800-FLOWERS.COM, Inc.			
Basic	**$ 0.57**	$ 0.31	$ 0.23
Diluted	**$ 0.55**	$ 0.30	$ 0.22

Note (1): The effect of options to purchase 0.1 million, 0.1 million and 1.2 million shares for the years ended July 3, 2016, June 28, 2015 and June 29, 2014, respectively, were excluded from the calculation of net income per share on a diluted basis as their effect is anti-dilutive.

Note 4. Acquisitions and Dispositions

Acquisition of Harry & David

On September 30, 2014, the Company completed its acquisition of Harry & David, a leading multi-channel specialty retailer and producer of branded premium gift-quality fruit, gourmet food products and other gifts marketed under the Harry & David brands. The transaction, for a purchase price of $142.5 million, includes the Harry & David's brands and websites as well as its headquarters, manufacturing and distribution facilities and orchards in Medford, Oregon, a warehouse and distribution facility in Hebron, Ohio and 48 Harry & David retail stores located throughout the country.

During the quarter ended June 28, 2015, the Company finalized the allocation of the purchase price to the identifiable assets acquired and liabilities assumed based on its estimates of their fair values on the acquisition date. The determination of the fair values of the acquired assets and assumed liabilities (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) requires significant judgment. The estimates and assumptions include the projected timing and amount of future cash flows and discount rates reflecting risk inherent in the future cash flows. Of the acquired intangible assets, $5.2 million was assigned to customer lists, which are being amortized over the estimated remaining lives of between 4 to 11 years, $35.5 million was assigned to trademarks, $1.1 million was assigned to leasehold positions and $16.0 million was assigned to goodwill, which is not expected to be deductible for tax purposes. The goodwill recognized in conjunction with our acquisition of Harry & David is primarily related to synergistic value created in terms of both operating costs and revenue growth opportunities, enhanced financial and operational scale, and other strategic benefits. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce.

The following table summarizes the final allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition:

	Harry & David Final Purchase Price Allocation
	(in thousands)
Current Assets	$126,268
Intangible Assets	41,827
Goodwill	16,042
Property, plant and equipment	105,079
Other assets	(131)
Total assets acquired	289,085
Current liabilities, including short-term debt	104,513
Deferred tax liabilities	42,048
Other liabilities assumed	24
Total liabilities assumed	146,585
Net assets acquired	$142,500

The estimated fair value of the acquired work in process and finished goods inventory was determined utilizing the income approach. The income approach estimates the fair value of the inventory based on the net retail value of the inventory less operating expenses and a reasonable profit allowance. Raw materials inventory was valued at book value, as there have not been any significant price fluctuations or other events that would materially change the cost to replace the raw materials.

The estimated fair value of the deferred revenue was determined based on the costs to perform the remaining services and/or satisfy the Company's remaining obligations, plus a reasonable profit for those activities. These remaining costs exclude sales and marketing expenses since the Deferred Revenue has already been "sold," and no additional sales and marketing expenses will be incurred. The reasonable profit to be earned on the deferred revenue was estimated based on the profit mark-up that the Company earns on similar services.

The estimated fair value of property, plant and equipment was determined utilizing a combination of the cost, sales comparison, market, and excess earnings method approaches, as follows:

Under the cost approach a replacement cost of the asset is first determined based on replacing the real property with assets of equal utility and functionality, developed based on both the indirect and the direct cost methods. The indirect cost method includes multiplying the assets' historical costs by industry specific inflationary trend factors to yield an estimated replacement cost. In applying this method, all direct and indirect costs including tax, freight, installation, engineering and other associated soft costs were considered. The direct cost method includes obtaining a current replacement cost estimate from the Company and equipment dealers, which includes all applicable direct and indirect costs. An appropriate depreciation allowance is then applied to the replacement cost based on the effective age of the assets relative to the expected normal useful lives of the assets, condition of the assets, and the planned future utilization of the assets. The determination of fair value also includes considerations of functional obsolescence and economic obsolescence, where applicable.

The sales comparison approach was considered for certain real estate property. Under the sales comparison approach, an estimate of fair value is determined by comparing the property being valued to similar properties that have been sold within a reasonable period from the valuation date, applying appropriate units of comparison.

The market approach was considered for certain assets with active secondary markets including agricultural equipment, automobiles, computer equipment, and general equipment, mobile equipment, packaging machinery and semi-tractors. Under the market approach market, comparables for the assets are obtained from equipment dealers, resellers, industry databases, and published price guides. The market comparables are then adjusted to the subject assets based on age, condition or type of transaction. All applicable direct and indirect costs are also considered and reflected in the final fair value determination.

The fair value of orchards in production was determined based on the excess earnings method under the income approach. This valuation approach assumed that the orchards' production could be sold independently through a wholesale market rather than Harry & David's retail channel. The excess earnings method required calculating future crop revenue as determined by multiplying the future crop volume in tons to be produced by the projected price per ton based on the USDA "Agricultural Prices" report released January 31, 2015 by the National Agricultural Statistics Services. Appropriate expenses were deducted from the sales attributable to the orchards and economic rents were charged for the return on contributory assets. The after-tax cash flows attributable to the asset were discounted back to their net present value at an appropriate rate of return and summed to calculate the value of the orchards.

The estimated fair value of the acquired trademarks was determined using the relief from royalty method, which is a risk-adjusted discounted cash flow approach. The relief from royalty method values an intangible asset by estimating the royalties saved through ownership of the asset. The relief from royalty method requires identifying the future revenue that would be generated by the trademark, multiplying it by a royalty rate deemed to be avoided through ownership of the asset and discounting the projected royalty savings amounts back to the acquisition date. The royalty rate used in the valuation was based on a consideration of market rates for similar categories of assets. The discount rate used in the valuation was based on the Company's weighted average cost of capital, the riskiness of the earnings stream association with the trademarks and the overall composition of the acquired assets.

The estimated fair value of the acquired customer lists was determined using the excess earnings method under the income approach. This method requires identifying the future revenue that would be generated by existing customers at the time of the acquisition, considering an appropriate attrition rate based on the historical experience of the Company. Appropriate expenses are then deducted from the revenues and economic rents are charged for the return on contributory assets. The after-tax cash flows attributable to the asset are discounted back to their net present value at an appropriate intangible asset rate of return and summed to calculate the value of the customer lists.

Operating results of Harry & David are reflected in the Company's consolidated financial statements from the date of acquisition, within its Gourmet Food & Gift Baskets segment. Harry & David contributed net revenues of $359.7 million and operating income of approximately $24.6 million from September 30, 2014 through June 28, 2015. These amounts are not necessarily indicative of the results of operations that Harry & David would have realized had it continued to operate as a stand-alone company during the period presented due to integration activities since the acquisition date, and due to costs that are now reflected in the Company's unallocated corporate costs which are not allocated to Harry & David.

As required by ASC 805, "Business Combinations," the following unaudited pro forma financial information for the year ended June 28, 2015, gives effect to the Harry & David acquisition as if it had been completed on July 1, 2013. The unaudited pro forma financial information is prepared by management for informational purposes only in accordance with ASC 805 and is not necessarily indicative of or intended to represent the results that would have been achieved had the acquisition been consummated as of the dates presented, and should not be taken as representative of future consolidated results of operations. The unaudited pro forma financial information does not reflect any operating efficiencies and/or cost savings that the Company may achieve with respect to the combined companies. The pro forma information has been adjusted to give effect to nonrecurring items that are directly attributable to the acquisition.

		Years Ended	
	July 3, 2016 (Actuals)	June 28, 2015 (unaudited) (Pro-forma)	June 29, 2014 (unaudited) (Pro-forma)
Net revenues from continuing operations	**$1,173,024**	$1,152,103	$1,142,946
Income from continuing operations attributable to 1-800-FLOWERS.COM, Inc.	**$ 36,875**	$ 17,812	$ 19,439
Diluted net income per common share attributable to 1-800-FLOWERS.COM, Inc.	**$ 0.55**	$ 0.26	$ 0.29

The unaudited pro forma amounts above include the following adjustments:

(1) An increase of net revenues and a decrease of cost of sales by $1.6 million and $4.8 million, to reflect the impact of purchase accounting adjustments related to Harry & David's deferred revenue and inventory fair value step-up in the year ended June 28, 2015.

(2) A decrease of operating expenses by $17.4 million during the year ended June 28, 2015, to eliminate acquisition costs ($11.9 million during the year ended June 28, 2015), integration costs ($3.0 million during the year ended June 28, 2015) and severance costs ($2.5 million during the year ended June 28, 2015) directly related to the transaction.

(3) A decrease of operating expenses by $0.4 million during the year ended June 29, 2014, to eliminate acquisition costs directly related to the transaction.

(4) An increase of operating expenses by $0.2 million during the year ended June 29, 2014, to reflect the additional amortization expense related to the increase in definite lived intangibles.

(5) An increase to interest expense by $1.1 million for the year ended June 28, 2015 to reflect the incremental impact of the 2014 Credit Facility utilized to finance the acquisition, assuming our new credit facility was in place on July 1, 2013.

(6) The adjustments above were tax effected at the combined entity's assumed effective tax rate for the respective periods.

Acquisition of Fannie May retail stores

On June 27, 2014, the Company and GB Chocolates LLC (GB Chocolates) entered into a settlement agreement, resulting in the termination of the GB Chocolates franchise agreement, and its exclusive area development rights. As a result, in fiscal 2014, the Company recognized the previously deferred non-refundable area development fees of $0.7 million. In addition, per the terms of the non-performance Promissory Note, GB Chocolates paid $1.2 million as a result of its failure to complete its development obligations under the 2011 Area Development Agreement (the 2011 ADA). As a result, during the fourth quarter of fiscal 2014, the Company recognized revenue of $1.0 million ($0.2 million had been previously recognized). The Company has no plans to market the territories covered in the 2011 ADA.

In conjunction with the settlement agreement, the Company and GB Chocolates entered into an asset purchase agreement whereby the Company repurchased 16 of the original 17 Fannie May retail stores sold to GB Chocolates in November 2011. The acquisition was accounted for using the purchase method of accounting in accordance with FASB guidance regarding business combinations. The purchase price of $6.4 million was financed utilizing available cash balances.

During the quarter ended June 28, 2015, the Company finalized the allocation of the purchase price to the identifiable assets acquired and liabilities assumed based on our estimates of their fair values on the acquisition date. There have been no measurement period adjustments. The following table summarizes the final allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition:

	Final Purchase Price Allocation
	(in thousands)
Current Assets	$ 103
Property, plant and equipment	487
Goodwill	5,783
Net assets acquired	$6,373

Operating results of the acquired stores are reflected in the Company's consolidated financial statements from the date of acquisition, within the Gourmet Food & Gift Baskets segment.

Disposition of Colonial Gifts Limited

On December 3, 2013, the Company completed its acquisition of a controlling interest in Colonial Gifts Limited ("iFlorist"). iFlorist, located in the UK, is a direct-to-consumer marketer of floral and gift-related products sold and delivered throughout Europe. The acquisition was achieved in stages and was accounted for using the acquisition method of accounting in accordance with the FASB's guidance regarding business combinations.

During the quarter ended September 27, 2015, the Company's management committed to a plan to sell its iFlorist business in order to focus its internal resources and capital on integrating Harry & David and achieving expected synergy savings. During October 2015, the Company completed the sale of substantially all of the assets of iFlorist to Euroflorist AB ("Euroflorist"), a pan-European floral and gifting company headquartered in Malmo, Sweden. As consideration for the assets sold, the Company received an investment in Euroflorist with a fair value on the date of sale of approximately $1.5 million. The Company will account for this investment using the cost method as it does not possess the ability to exercise significant influence over Euroflorist.

As a result of the above, the Company determined that the iFlorist business (disposal group) met the held for sale criteria, as prescribed by FASB ASC 360-10-45-9, as of September 27, 2015. As a result, the Company compared iFlorist's carrying amount ($3.4 million) to its fair value less cost to sell ($1.5 million), and recorded an impairment charge of $1.9 million during the period ended September 27, 2015. The Company recorded this impairment charge within "Other (income) expense, net" in the condensed consolidated statements of operations. During the quarter ended December 27, 2016, the Company completed the sale of the iFlorist business and recorded an additional loss on sale of $0.2 million.

Note 5. Inventory

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

	July 3, 2016	June 28, 2015
	(in thousands)	
Finished goods	**$ 44,264**	$43,254
Work-in-process	**24,573**	16,020
Raw materials	**34,491**	33,889
	$103,328	$93,163

Note 6. Goodwill and Intangible Assets

The following table presents goodwill by segment and the related change in the net carrying amount:

	Consumer Floral	BloomNet Wire Service	Gourmet Food & Gift Baskets (1)	Total
Balance at June 29, 2014	$ 16,691	$ —	$ 43,475	$ 60,166
Harry & David acquisition	—	—	16,042	16,042
iFlorist measurement period adjustment	1,320	—	—	1,320
iFlorist translation adjustment	(429)	—	—	(429)
Other	—	—	(2)	(2)
Balance at June 28, 2015	$ 17,582	$ —	$ 59,515	$ 77,097
Other	(141)	—	711	570
Balance at July 3, 2016	**$ 17,441**	**$ —**	**$ 60,226**	**$ 77,667**

(1) The total carrying amount of goodwill for all periods in the table above is reflected net of $71.1 million of accumulated impairment charges, which were recorded in the GFGB segment during fiscal 2009.

There were no goodwill impairment charges in any segment during the years ended July 3, 2016, June 28, 2015 and June 29, 2014.

The Company's other intangible assets consist of the following:

		July 3, 2016			June 28, 2015		
	Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
				(in thousands)			
Intangible assets with determinable lives							
Investment in licenses	**14 - 16**	**$ 7,420**	**$ 5,832**	**$ 1,588**	$ 7,420	$ 5,727	$ 1,693
Customer lists	**3 - 10**	**21,144**	**15,960**	**5,184**	21,815	14,595	7,220
Other	**5 - 14**	**3,665**	**2,698**	**967**	3,665	2,597	1,068
		32,229	**24,490**	**7,739**	32,900	22,919	9,981
Trademarks with indefinite lives		**71,261**	**—**	**71,261**	72,144	—	72,144
Total identifiable intangible assets		**$103,490**	**$24,490**	**$79,000**	$105,044	$22,919	$82,125

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. No material impairments were recognized for the years ended July 3, 2016, June 28, 2015 and June 29, 2014.

The amortization of intangible assets for the years ended July 3, 2016, June 28, 2015 and June 29, 2014 was $1.9 million, $2.1 million and $1.6 million, respectively. Future estimated amortization expense is as follows: 2017 - $1.5 million, 2018 - $1.3 million, 2019 - $0.7million, 2020 - $0.6 million, 2021 - $1.0 million and thereafter - $2.6 million.

Note 7. Property, Plant and Equipment

	July 3, 2016	June 28, 2015
	(in thousands)	
Land	**$ 30,789**	$ 31,077
Orchards in production and land improvements	**9,483**	9,028
Building and building improvements	**54,950**	55,121
Leasehold improvements	**21,584**	19,459
Production equipment and furniture and fixtures	**72,912**	63,132
Computer and telecommunication equipment	**52,737**	56,582
Software	**136,333**	150,695
Capital projects in progress - orchards	**8,513**	7,335
Property, plant and equipment, gross	**387,301**	392,429
Accumulated depreciation and amortization	**(215,939)**	(222,329)
Property, plant and equipment, net	**$171,362**	$170,100

Depreciation expense for the years ended July 3, 2016, June 28, 2015 and June 29, 2014 was $30.5 million, $27.0 million and $18.2 million, respectively.

Note 8. Accrued Expenses

Accrued expenses consisted of the following:

	July 3, 2016	June 28, 2015
	(in thousands)	
Payroll and employee benefits	**$ 25,892**	$ 36,370
Other	**40,174**	37,269
Accrued Expenses	**$ 66,066**	$ 73,639

Note 9. Long-Term Debt

The Company's current and long-term debt consists of the following:

	July 3, 2016	June 28, 2015
	(in thousands)	
Revolver (1)	**$ —**	$ —
Term Loan (1)	**117,563**	131,813
Bank loan (2)	**—**	293
Total debt	**117,563**	132,106
Less: current maturities of long-term debt	**19,594**	14,543
Long-term debt	**$ 97,969**	$117,563

(1) In order to finance the Harry & David acquisition, on September 30, 2014, the Company entered into a Credit Agreement with JPMorgan Chase Bank as administrative agent, and a group of lenders (the "2014 Credit Facility"), consisting of a $142.5 million five-year term loan (the "Term Loan") with a maturity date of September 30, 2019, and a co-terminus revolving credit facility (the "Revolver"), with a seasonally adjusted limit ranging from $100.0 to $200.0 million, which may be used for working capital (subject to applicable sublimits) and general corporate purposes. The Term Loan is payable in 20 quarterly installments of principal and interest beginning in December 2014, with escalating principal payments at the rate of 10% in years one and two, 15% in years three and four, and 20% in year five, with the remaining balance of $42.75 million due upon maturity. Upon closing of the acquisition, the Company borrowed $136.7 million under the Revolver to repay amounts outstanding under the Company's and Harry & David's previous credit agreements, as well as to pay acquisition-related transaction costs. There were no amounts outstanding under the Revolver as of July 3, 2016 or June 28, 2015.

The 2014 Credit Facility requires that while any borrowings are outstanding the Company comply with certain financial and non-financial covenants, including the maintenance of certain financial ratios. The Company was in compliance with these covenants as of July 3, 2016. Outstanding amounts under the 2014 Credit Facility bear interest at the Company's option at either: (i) LIBOR, plus a spread of 175 to 250 basis points, as determined by the Company's leverage ratio, or (ii) ABR, plus a spread of 75 to 150 basis points. The 2014 Credit Agreement is secured by substantially all of the assets of the Company and the Subsidiary Guarantors.

Future principal payments under the term loan are as follows: $19.6 million – 2017, $21.4 million – 2018, $26.7 million – 2019 and $49.9 million – 2020.

(2) Bank loan assumed through the Company's acquisition of a majority interest in iFlorist. The Company repaid this loan during the quarter ended December 27, 2015.

Note 10. Fair Value Measurements

Cash and cash equivalents, trade and other receivables, accounts payable and accrued expenses are reflected in the consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments. Although no trading market exists, the Company believes that the carrying amount of its debt approximates fair value due to its variable nature. The Company's investments in non-marketable equity instruments of private companies are carried at cost and are periodically assessed for other-than-temporary impairment, when an event or circumstances indicate that an other-than-temporary decline in value may have occurred. The Company's remaining financial assets and liabilities are measured and recorded at fair value (see table below). The Company's non-financial assets, such as definite lived intangible assets and property, plant and equipment, are recorded at cost and are assessed for impairment when an event or circumstance indicates that an other-than-temporary decline in value may have occurred. Goodwill and indefinite lived intangibles are tested for impairment annually, or more frequently if events occur or circumstances change such that it is more likely than not that an impairment may exist, as required under the accounting standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the guidance are described below:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents by level, within the fair value hierarchy, financial assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurements Assets (Liabilities)			
	Carrying Value	Level 1	Level 2	Level 3
	(in thousands)			
Assets (liabilities) as of July 3, 2016:				
Trading securities held in a "rabbi trust" (1)	$4,852	$4,852	$ —	$ —
	$4,852	$4,852	$ —	$ —
Assets (liabilities) as of June 28, 2015:				
Trading securities held in a "rabbi trust" (1)	$3,118	$3,118	$ —	$ —
	$3,118	$3,118	$ —	$ —

(1) The Company has established a Non-qualified Deferred Compensation Plan for certain members of senior management. Deferred compensation plan assets are invested in mutual funds held in a "rabbi trust" which is restricted for payment to participants of the NQDC Plan. Trading securities held in a rabbi trust are measured using quoted market prices at the reporting date and are included in Other assets, with the corresponding liability included in Other liabilities, in the consolidated balance sheets.

Note 11. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is currently being audited by the Internal Revenue Service for fiscal year 2014, while fiscal years 2012, 2013 and 2015 remain subject to federal examination. Due to ongoing state examinations and non-conformity with the federal statute of limitations for assessment, certain states also remain open from fiscal 2012. The Company's foreign income tax filings are open for examination by its respective foreign tax authorities in Canada, Brazil, and the United Kingdom from fiscal 2012.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. At July 3, 2016, the Company has an unrecognized tax position of approximately $1.2 million, including accrued interest and penalties of $0.1 million. The Company believes that $0.9 million of unrecognized tax positions will be resolved over the next twelve months.

Significant components of the income tax provision from continuing operations are as follows:

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands)		
Current provision (benefit):			
Federal	**$15,876**	$ 6,630	$6,439
State	**2,703**	1,840	1,247
Foreign	**—**	(11)	11
Current Income tax expense	**18,579**	8,459	7,697
Deferred provision (benefit):			
Federal	**(2,949)**	1,970	773
State	**(7)**	631	28
Foreign	**(44)**	(130)	(95)
Deferred income tax expenses (benefit)	**(3,000)**	2,471	706
Income tax expense	**$15,579**	$10,930	$8,403

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

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
Tax at U.S. statutory rates	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**3.4**	3.8	3.7
Valuation allowance change	**1.3**	2.6	1.5
Rate differences	**(2.6)**	1.1	1.2
Tax settlements	**1.1**	1.4	(1.0)
Deductible stock-based compensation	**(0.2)**	(1.3)	(0.2)
Domestic production deduction	**(2.6)**	(2.2)	(1.9)
Tax credits	**(4.2)**	(3.9)	(1.7)
Other, net	**(0.9)**	(0.4)	1.0
Effective tax rate	**30.3%**	36.1%	37.6%

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	
	July 3, 2016	June 28, 2015
	(in thousands)	
Deferred income tax assets:		
Net operating loss and credit carryforwards	**$ 6,901**	$ 6,743
Accrued expenses and reserves	**7,267**	5,921
Stock-based compensation	**4,531**	3,622
Gross deferred income tax assets	**18,699**	16,286
Less: Valuation allowance	**(4,936)**	(4,589)
Deferred tax assets, net	**13,763**	11,697
Deferred income tax liabilities:		
Other intangibles	**(24,357)**	(23,307)
Tax in excess of book depreciation	**(24,923)**	(26,197)
Deferred tax liabilities	**(49,280)**	(49,504)
Net deferred income tax liabilities	**$ (35,517)**	$(37,807)

A valuation allowance is provided when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The Company has established valuation allowances primarily for net operating loss carryforwards in certain states and its United Kingdom, Brazilian and Canadian subsidiaries. At July 3, 2016 the Company's federal net operating loss carryforwards were $2.2 million, which if not utilized, will begin to expire in fiscal 2025. The federal net operating loss is subject to Section 382 limitations of $0.3 million per year. The Company's foreign net operating loss carryforward was $10.5 million, while the state net operating losses were $5.7 million, before federal benefit, which if not utilized, will begin to expire in fiscal 2017.

Note 12. 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. During fiscal 2016 and 2015, 4,047,040 and 2,748,550 shares of Class B common stock, respectively, were converted into shares of Class A common stock.

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. In June 2015, the Company's Board of Directors authorized an increase of $25 million to its stock repurchase plan. The Company repurchased a total of $15.2 million (1,714,550 shares), $8.4 million (1,056,038 shares) and $8.3 million (1,561,206 shares) during the fiscal years ended July 3, 2016, June 28, 2015 and June 29, 2014, respectively, under this program. As of July 3, 2016, $12.0 million remains authorized under the plan.

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"). 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").

Note 13. Stock Based Compensation

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"). At July 3, 2016, the Company has reserved approximately 10.5 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		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands, except per share data)		
Stock options	**$ 432**	$ 459	$ 420
Restricted stock awards	**5,911**	5,503	4,244
Total	**6,343**	5,962	4,664
Deferred income tax benefit	**1,987**	2,087	1,738
Stock-based compensation expense, net	**$4,356**	$3,875	$2,926

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

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands)		
Marketing and sales	**$2,306**	$1,866	$1,261
Technology and development	**493**	392	298
General and administrative	**3,544**	3,704	3,105
Total	**$6,343**	$5,962	$4,664

Stock-based compensation expense has not been allocated between business segments, but is reflected as part of Corporate overhead. (Refer to Note 15. Business Segments).

Stock Options

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		
	July 3, 2016 (1)	June 28, 2015	June 29, 2014
Weighted average fair value of options granted	**n/a**	$4.86	$3.16
Expected volatility	**n/a**	52%	61%
Expected life (in years)	**n/a**	7.3	6.6
Risk-free interest rate	**n/a**	1.9%	1.6%
Expected dividend yield	**n/a**	0.0%	0.0%

(1) No options were granted during the fiscal year ended July 3, 2016.

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 based upon the historical weighted average. 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 July 3, 2016:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (000s)
Outstanding beginning of period	3,345,146	$ 2.93		
Granted	—	$ —		
Exercised	(1,044,255)	$ 3.36		
Forfeited/Expired	(118,657)	$ 7.33		
Outstanding end of period	2,182,234	$ 2.49	4.8	$14,236
Options vested or expected to vest at end of period	2,117,259	$ 2.49	4.8	$13,821
Exercisable at July 3, 2016	1,261,234	$ 2.45	4.6	$ 8,271

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 2016 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 July 3, 2016. 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 July 3, 2016, June 28, 2015 and June 29, 2014 was $4.2 million, $3.6 million, and $0.4 million, respectively.

The following table summarizes information about stock options outstanding at July 3, 2016:

	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
$ 1.69 - 1.79	1,001,000	4.3	$ 1.79	626,000	$ 1.79
$ 2.22 - 2.44	42,000	6.3	$ 2.43	42,000	$ 2.43
$ 2.63 - 2.63	1,010,000	0.9	$ 2.63	508,000	$ 2.63
$ 2.88 - 10.20	129,234	4.1	$ 6.85	85,234	$ 6.23
	2,182,234	4.8	$ 2.49	1,261,234	$ 2.45

As of July 3, 2016, the total future compensation cost related to non-vested options not yet recognized in the statement of operations was $1.2 million and the weighted average period over which these awards are expected to be recognized was 2.9 years.

Restricted Stock

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).

The following table summarizes the activity of non-vested restricted stock during the year ended July 3, 2016:

	Shares	Weighted Average Grant Date Fair Value
Non-vested – beginning of period	2,342,052	$ 5.62
Granted	1,027,706	$ 9.01
Vested	(879,863)	$ 5.21
Forfeited	(472,826)	$ 8.85
Non-vested – end of period	2,017,069	$ 6.78

The fair value of non-vested shares is determined based on the closing stock price on the grant date. As of July 3, 2016, there was $7.4 million of total unrecognized compensation cost related to non-vested restricted stock-based compensation to be recognized over a weighted-average period of 2.1 years.

Note 14. Employee Retirement Plans

The Company has a 401(k) Profit Sharing Plan covering substantially all of its eligible employees. All employees who have attained the age of 21 are eligible to participate upon completion of one month 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 suspended all contributions during fiscal years 2016, 2015 and 2014.

The Company also has 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. As of July 3, 2016 and June 28, 2015, these plan liabilities, which are included in the "Other liabilities" line item within the Company's consolidated balance sheets, totaled $4.9 million and $3.1 million, respectively. The associated plan assets, which are subject to the claims of the creditors, are primarily invested in mutual funds and are included in "Other assets" line item within the Company's consolidated balance Sheets. Company contributions during the years ended July 3, 2016, June 28, 2015 and June 29, 2014 were less than $0.1 million. Gains (losses) on these investments, were ($0.1) million, $0.2 million and $0.3 million for the years ended July 3, 2016, June 28, 2015 and June 29, 2014, are included in Other (income) expense, net, within the Company's consolidated statements of income.

Note 15. Business Segments

The Company's management reviews the results of the Company's operations by the following three business segments:

- 1-800-Flowers.com Consumer Floral,
- BloomNet Wire Service, and
- Gourmet Food and Gift Baskets

Segment performance is measured based on contribution margin, which includes only the direct controllable revenue and operating expenses of the segments. As such, management's measure of profitability for these segments does not include the effect of corporate overhead (see (a) below), nor does it include depreciation and amortization, other (income) expense, net and income taxes, or stock-based compensation which is included within corporate overhead. Assets and liabilities are reviewed at the consolidated level by management and not accounted for by segment.

Net Revenues

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands)		
Net revenues:			
1-800-Flowers.com Consumer Floral	**$ 418,492**	$ 422,199	$421,336
BloomNet Wire Service	**85,483**	85,968	84,199
Gourmet Food & Gift Baskets	**670,453**	613,953	251,990
Corporate	**1,066**	1,020	797
Intercompany eliminations	**(2,470)**	(1,634)	(1,977)
Total net revenues	**$1,173,024**	$1,121,506	$756,345

Operating Income from Continuing Operations

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands)		
Segment Contribution Margin:			
1-800-Flowers.com Consumer Floral	**$50,773**	$ 43,529	$ 40,252
BloomNet Wire Service	**30,629**	29,398	26,715
Gourmet Food & Gift Baskets	**79,398**	74,889	27,122
Segment Contribution Margin Subtotal	**160,800**	147,816	94,089
Corporate (a)	**(85,134)**	(81,075)	(50,535)
Depreciation and amortization	**(32,384)**	(29,124)	(19,848)
Operating income	**$43,282**	$ 37,617	$ 23,706

(a) 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 segment.

Note 16. Discontinued Operations

During the fourth quarter of fiscal 2013, the Company made the strategic decision to divest the e-commerce and procurement businesses of its Winetasting Network subsidiary in order to focus on growth opportunities in its Gourmet Foods and Gift Baskets business segment. The Company closed on the sale of its e-commerce and procurement businesses on December 31, 2013. The Company had originally estimated a loss of $2.3 million ($1.5 million, net of tax), which was provided for during the fourth quarter of fiscal 2013, but the loss was reduced to $1.0 million, upon finalization of terms and closing on the sale. As a result, the Company reversed $1.3 million ($0.8 million, net of tax) of its accrual for the estimated loss during the fiscal year ended June 29, 2014. The Company has classified the results of the e-commerce and procurement business of The Winetasting Network as a discontinued operation in fiscal 2014.

Results for discontinued operations are as follows:

	Years Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
	(in thousands, except per share data)		
Net revenues from discontinued operations	**$ —**	$ —	$1,669
Loss from discontinued operations, net of tax	**$ —**	$ —	$ (86)
Gain (loss) on sale of discontinued operations, net of tax	**$ —**	$ —	$ 815
Income (loss) from discontinued operations	**$ —**	$ —	$ 729

Note 17. Commitments and Contingencies

Leases

The Company currently leases office, store facilities, and equipment under various leases through fiscal 2030. 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. These leases are classified as either capital leases, operating leases or subleases, as appropriate.

As of July 3, 2016 future minimum rental payments under non-cancelable operating leases with initial terms of one year or more consist of the following:

	Operating Leases
	(in thousands)
2017	$ 19,671
2018	16,990
2019	15,093
2020	11,611
2021	9,727
Thereafter	48,781
Total minimum lease payments	$121,873

At July 3, 2016, the total future minimum sublease rentals under non-cancelable operating sub-leases for land and buildings were $2.3 million. Rent expense was approximately $33.4 million, $28.3 million and $17.7 million for the years ended July 3, 2016, June 28, 2015 and June 29, 2014, respectively.

Other Commitments

The Company's purchase commitments consist primarily of inventory, equipment and technology (hardware and software) purchase orders made in the ordinary course of business, most of which have terms less than one year. As of July 3, 2016, the Company had fixed and determinable off-balance sheet purchase commitments with remaining terms in excess of one year of approximately $3.8 million, primarily related to the Company's technology infrastructure.

The Company had approximately $2.5 million in unused stand-by letters of credit as of July 3, 2016.

Litigation

From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business:

Edible Arrangements:

On November 20, 2014, a complaint was filed in the United States District Court for the District of Connecticut by Edible Arrangements LLC and Edible Arrangements International, LLC, alleging that the Company's use of the terms "Fruit Bouquets," "Edible," "Bouquet," "Edible Fruit

Arrangements," Edible Arrangements," and "DoFruit" and its use of a six petal pineapple slice design in connection with marketing and selling edible fruit arrangements constitutes trademark infringement, false designation of origin, dilution, and contributory infringement under the federal Lanham Act, 29 USC § 1114 and 1125(a), common law unfair competition, and a violation of the Connecticut Unfair Trade Practices Act, Connecticut General Statutes § 42-110b (a). The Complaint alleged Edible Arrangements has been damaged in the amount of $97.4 million. The Complaint requested a declaratory judgment in favor of Edible Arrangements, an injunction against the Company's use of the terms and design, an accounting and payment of the Company's profits from its sale of edible fruit arrangements, a trebling of the Company's profits from such sales or of any damages sustained by Edible Arrangements, punitive damages, and attorneys' fees. On November 24, 2014, the Complaint was amended to add a breach of contract claim for use of these terms and the design, based on a contract that had been entered by one of the Company's subsidiaries prior to its acquisition by the Company. On January 29, 2015, the Plaintiffs amended the Complaint to add one of the Company's subsidiaries and to claim its damages were $101.4 million.

The Company filed an Answer and a Counterclaim on February 27, 2015. The Answer asserted substantial defenses, including fair use by the Company of generic and descriptive terms, as expressly permitted under the Lanham Act, invalidity of Edible Arrangements' trademark registrations on grounds of fraud and trademark misuse, lack of exclusive rights on the part of Edible Arrangements, functionality of the claimed design mark, acquiescence, estoppel, and Edible Arrangements' use of the claimed trademarks in violation of the antitrust laws. The Counterclaim sought a declaratory judgment of lack of infringement and invalidity of claimed marks, cancellation of Edible Arrangements' registrations due to its fraud and misuse, genericism, and lack of secondary meaning as to any terms deemed descriptive, and damages in an amount to be determined for violation of the antitrust provisions of the federal Sherman Act and the Connecticut Unfair Trade Practices Act.

Following extensive discovery, the parties engaged in mediation and reached an agreement in principle to resolve all claims on June 30, 2016. The parties entered a Confidential Settlement Agreement on July 22, 2016, pursuant to which, among other things, the Company paid $1.5 million to Edible Arrangements and the Company agreed not to use "Edible", "Edible Arrangements" or "Do Fruit' in its marketing, except that the Company may refer to "Edible Arrangements" to comment on or compare the Company's products to those of "Edible Arrangements". The Company maintains its rights to market its products as "Fruit Bouquets" and "Bouquets," and to the continued use of its branding of "Fruit Bouquets.com" and Fruit Bouquets by 1800Flowers.com. In addition, all claims and counterclaims in the case were dismissed with prejudice. The Company recorded the settlement paid to Edible Arrangements in the "General and administrative expense" line item in the consolidated statements of income for the year ended July 3, 2016.

Note 18. Fire at the Fannie May Warehouse and Distribution Facility

On November 27, 2014, a fire occurred at the Company's Maple Heights, Ohio warehouse and distribution facility. While the fire did not cause any injuries, the building was severely damaged, rendering it inoperable for the key calendar 2014 holiday season, and all Fannie May and Harry London confections in the facility were destroyed. As a result, the Company had limited supplies of its Fannie May Fine Chocolates and Harry London Chocolates products available in its retail stores as well as for its ecommerce and wholesale channels during the 2014 holiday season. While the Company implemented contingency plans to increase production for Fannie May Fine Chocolates and Harry London Chocolates products at its production facility in Canton, Ohio and to shift warehousing and distribution operations to alternate Company facilities, product availability was severely limited, impacting revenue and earnings during the fiscal second and third quarters of fiscal 2015.

The following table reflects the costs related to the fire and the insurance recovery and associated gain as of July 3, 2016:

	Fire-related Insurance Recovery
	(in thousands)
Loss on inventory	$ 29,587
Other fire related costs	5,802
Total fire related costs	35,389
Less: fire related insurance recoveries	(55,000)
Fire related gain	$(19,611)

During the three months ended September 27, 2015, the Company and its insurance carrier reached final agreement, and during the three months ended December 27, 2015, the Company received all remaining proceeds from its Fannie May fire claim. The agreement, in the amount of $55.0 million, provided for: (i) recovery of raw materials and work-in-process at replacement cost, and finished goods at selling price, less costs to complete the sale and normal discounts and other charges, as well as (ii) other incremental fire-related costs. The cost of inventory lost in the fire was approximately $29.6 million, while other fire-related costs amounted to approximately $5.8 million, including incremental contracted lease and cold storage fees which were incurred by the Company until the move back into its leased facility once the landlord completed repairs, during the Company's third quarter of fiscal 2016. The resulting gain of $19.6 million is included in "Other (income) expense, net" in the consolidated statements of income for the year ended July 3, 2016.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-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 ("U.S. GAAP"), 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 U.S. GAAP, and that receipts and expenditures of the Company are being made 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. 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, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of July 3, 2016.

The Company's independent registered public accounting firm, BDO USA, LLP, audited the effectiveness of the Company's internal control over financial reporting as of July 3, 2016. BDO USA, LLP's report on the effectiveness of the Company's internal control over financial reporting as of July 3, 2016 is set forth below.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
1-800-Flowers.com, Inc.
Carle Place, NY

We have audited 1-800-Flowers.com, Inc. and subsidiaries' (the "Company") internal control over financial reporting as of July 3, 2016, based on criteria established in Internal Control – Integrated Framework (2013) 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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.

In our opinion, 1-800-Flowers.com, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of July 3, 2016, based on the COSO criteria.

We also have 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 July 3, 2016 and June 28, 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended July 3, 2016, and our report dated September 16, 2016 expressed an unqualified opinion thereon.

BDO USA, LLP
Melville, New York
September 16, 2016

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
1-800-FLOWERS.COM, Inc. and Subsidiaries
Carle Place, NY

We have audited the accompanying consolidated balance sheets of 1-800-FLOWERS.COM, Inc. and Subsidiaries as of July 3, 2016 and June 28, 2015 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended July 3, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 1-800-FLOWERS.COM, Inc. and Subsidiaries at July 3, 2016 and June 28, 2015, and the results of their operations and their cash flows for each of the three years in the period ended July 3, 2016, in conformity with accounting principles generally accepted in the United States of America.

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 July 3, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated September 16, 2016 expressed an unqualified opinion thereon.

BDO USA, LLP
Melville, New York
September 16, 2016

Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

1-800-FLOWERS.COM's Class A common stock trades on The NASDAQ Global Select 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 July 3, 2016 and June 28, 2015.

	High	Low
Year ended July 3, 2016		
June 29, 2015 – September 27, 2015	$10.90	$ 7.92
September 28, 2015 – December 27, 2015	$10.88	$ 6.80
December 28, 2015 – March 27, 2016	$ 8.42	$ 6.11
March 28, 2015 – July 3, 2016	$ 8.38	$ 6.74
Year ended June 28, 2015		
June 30, 2014 – September 28, 2014	$ 7.49	$ 4.96
September 29, 2014 – December 28, 2014	$ 9.31	$ 7.12
December 29, 2014 – March 29, 2015	$13.46	$ 7.05
March 30, 2015 – June 28, 2015	$13.19	$ 9.36

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. During fiscal 2016, 4,047,040 shares of Class B common stock were converted into shares of Class A common stock.

Holders

As of September 1, 2016, there were approximately 255 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 1, 2016, there were approximately 8 stockholders of record of the Company's Class B common stock.

Dividend Policy

The Company has never declared or paid any cash dividends on its Class A or Class B common stock. 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.

Purchases of Equity Securities by the Issuer

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. In June 2015, the Company's Board of Directors authorized an increase of $25 million to its stock repurchase plan. The Company repurchased a total of $15.2 million (1,714,550 shares), $8.4 million (1,056,038 shares) and $8.3 million (1,561,206 shares) during the fiscal years ended July 3, 2016, June 28, 2015 and June 29, 2014, respectively, under this program. As of July 3, 2016, $12.0 million remains authorized under the plan.

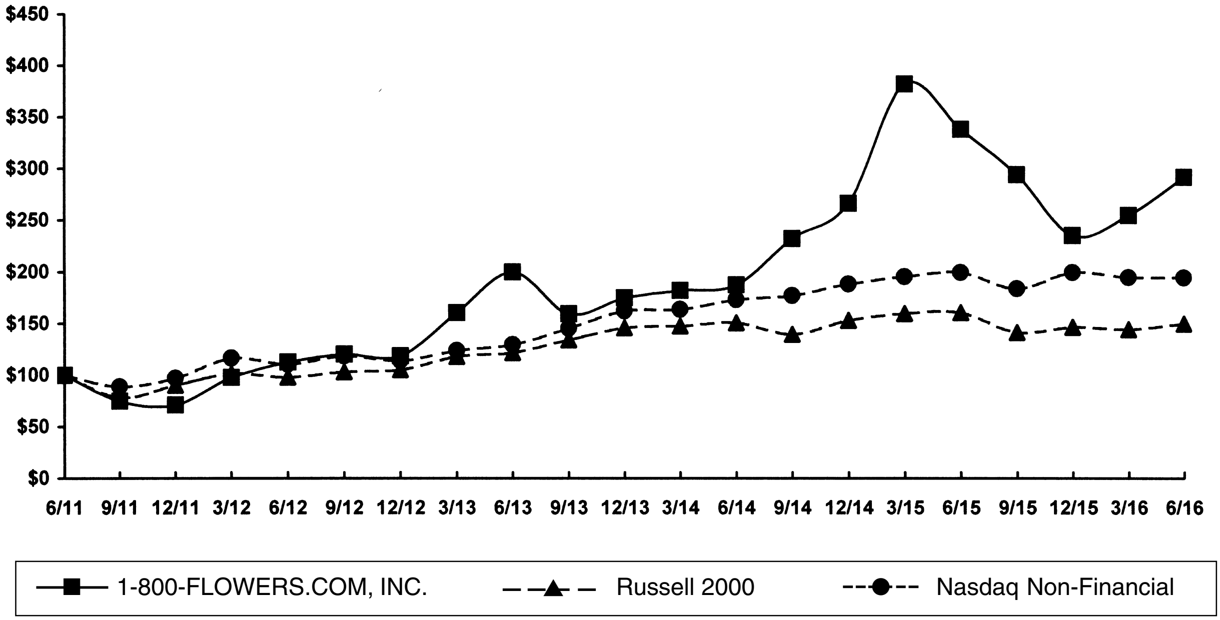
The following table sets forth, for the months indicated, the Company's purchase of common stock during the fiscal year ended July 3, 2016, which includes the period June 29, 2015 through July 3, 2016:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
	(in thousands, except average price paid per share)			
				$27,273
06/29/15 - 07/26/15	69.8	$10.40	69.8	$26,543
07/27/15 - 08/30/15	125.0	$9.86	125.0	$25,307
08/31/15 - 09/27/15	320.6	$8.56	320.6	$22,554
09/28/15 - 10/25/15	137.4	$9.50	137.4	$21,244
10/26/15 - 11/29/15	454.5	$9.87	454.5	$16,753
11/30/15 - 12/27/15	89.6	$7.95	89.5	$16,039
12/28/15 - 01/31/16	90.0	$6.92	90.0	$15,413
02/01/16 - 02/28/16	145.0	$7.56	145.0	$14,313
02/29/16 - 03/27/16	—	—	—	$14,313
03/28/16 - 04/24/16	47.7	$7.63	47.7	$13,947
04/25/16 - 05/22/16	89.9	$7.65	89.9	$13,256
05/23/16 - 07/03/16	145.0	$8.30	145.0	$12,048
Total	1,714.6	$8.85	1,714.6	

(1) Average price per share excludes commissions and other transaction fees.

*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 6/30/11 in stock or index, including reinvestment of dividends. Fiscal year ending June 30.

1·800·FLOWERS.COM, INC.

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Special Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's current expectations or beliefs concerning future events and can generally be identified by the use of statements that include words such as "estimate," "expects," "project," "believe," "anticipate," "intend," "plan," "foresee," "likely," "will," or similar words or phrases. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results expressed or implied in the forward-looking statements, including, among others: the Company's ability to achieve its guidance for revenue, EBITDA and EPS; its ability to manage the significant seasonality of its business; its ability to integrate the operations of acquired companies, including Harry & David; its ability to cost effectively acquire and retain customers; the outcome of contingencies, including legal proceedings in the normal course of business; its ability to compete against existing and new competitors; its ability to manage expenses associated with sales and marketing and necessary general and administrative and technology investments and general consumer sentiment and economic conditions that may affect levels of discretionary customer purchases of the Company's products. The Company undertakes no obligation to publicly update any of the forward-looking statements, whether as a result of new information, future events or otherwise, made in this annual report or in any of its SEC filings except as may be otherwise stated by the Company. For a more detailed description of these and other risk factors, and a list of definitions of non-GAAP terms, including EBITDA and Free Cash Flow, among others, please refer to the Company's SEC filings including the Company's Annual Reports on Form 10-K and its Quarterly Reports on Form 10-Q. Consequently, you should not consider any such list to be a complete set of all potential risks and uncertainties.

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

BDO USA, LLP
401 Broadhollow Road
Suite 201
Melville, NY 11747
(631) 501-9600

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, Inc. may be obtained by visiting the Investor Relations section at www.1800flowersinc.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

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Medford, Oregon USA

The Popcorn Factory

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1-800-baskets.com

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Gourmet Chocolates Est. 1922

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