FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1999-07-27**
SEC Accession No. 0001047469-99-028640

FILER

1 800 FLOWERS COM INC
CIK:**1084869**
Type: **S-1/A** | Act: **33** | File No.: **333-78985** | Film No.: **99670611**
SIC: **5990** Retail stores, nec

Mailing Address
1600 STEWART AVE
WESTBURY NY 11590

Business Address
1600 STEWART AVE
WESTBURY NY 11590
5162376000

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 27, 1999

REGISTRATION NO. 333-78985

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 4
TO
FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

1-800-FLOWERS.COM, INC.

(Exact Name of Registrant as Specified in Its Charter)

<TABLE>
<S> <C> <C>

DELAWARE	5992	11-3117311
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

</TABLE>

1600 STEWART AVENUE
WESTBURY, NEW YORK 11590
(516) 237-6000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

JAMES F. MCCANN
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
1-800-FLOWERS.COM, INC.
1600 STEWART AVENUE
WESTBURY, NEW YORK 11590
(516) 237-6000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

COPIES TO:

<TABLE>
<S> <C>

ALEXANDER D. LYNCH, ESQ. KENNETH R. MCVAY, ESQ. BROBECK, PHLEGER & HARRISON LLP 1633 BROADWAY, 47TH FLOOR NEW YORK, NEW YORK 10019 (212) 581-1600	PAUL P. BROUNTAS, ESQ. BRENT B. SILER, ESQ. HALE AND DORR LLP 60 STATE STREET BOSTON, MASSACHUSETTS 02109 (617) 526-6000

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

PART II: INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth an estimate of the costs and expenses, other than the underwriting discounts and commissions, payable by the Registrant in connection with the issuance and distribution of the class A common stock being registered.

SEC registration fee	$ 34,528
NASD filing fee	15,500
NASDAQ listing fee	95,000
Legal fees and expenses	500,000
Accountants' fees and expenses	300,000
Printing expenses	350,000
Blue sky fees and expenses	5,000
Transfer agent and registrar fees and expenses	15,000
Miscellaneous	184,972
Total	$1,500,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law, or DGCL, makes provision for the indemnification of officers and directors in terms sufficiently broad to indemnify officers and directors under certain circumstances from liabilities (including reimbursement for expenses incurred) arising under the Securities Act. Section 145 of the DGCL empowers a corporation

to indemnify its directors and officers and to purchase insurance with respect to liability arising out of their capacity or status as directors and officers, provided that this provision shall not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) arising under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. The DGCL provides further that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's bylaws, any agreement, a vote of stockholders or otherwise.

The certificate of incorporation of 1-800-FLOWERS.COM provides for indemnification of our directors against, and absolution of, liability to 1-800-FLOWERS.COM and its stockholders to the fullest extent permitted by the DGCL. 1-800-FLOWERS.COM maintains directors' and officers' liability insurance covering certain liabilities that may be incurred by our directors and officers in connection with the performance of their duties.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

The following information regarding the issuance of the Registrant's securities does not give effect to the recapitalization or subsequent split of its common stock. Pursuant to the Registrant's recapitalization, each share of class A common stock outstanding will be automatically converted into one share of new class B common stock and each share of class B common stock will be automatically converted into one share of new class B common stock. In May 1999, each share of class C common stock was converted into one share of class B common stock and cash. Pursuant

to the stock split, each share of common stock will be split into 10 shares of the same class. The Registrant has issued the following securities since May 1996:

1. On June 28, 1996, the Registrant issued 8,476.77 shares of class C common stock to James F. McCann as partial repayment for a debt owed by the Registrant to Mr. McCann.

2. From February 3, 1997 to January 18, 1999, the Registrant granted 123,750 options to purchase Class B common stock to 29 employees at exercise prices ranging from $13.00 to $20.00.

3. On June 28, 1998, the Registrant issued 76,293 shares of class B common stock to James F. McCann as partial repayment for a debt owed by the Registrant to Mr. McCann.

4. On May 20, 1999, the Registrant issued 1,127,546 shares of preferred stock for an aggregate amount of $117.4 million. The preferred stock automatically converts into class A common stock upon the closing of the initial public offering.

The issuances of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act, as transactions by an issuer not involving a public offering or transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationship with the Registrant, to information about the Registrant.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

NUMBER	DESCRIPTION
<C>	<S>
1.1(*)	Form of Underwriting Agreement.
3.1(++)	Third Amended and Restated Certificate of Incorporation.
3.2(++)	Form of Amendment No. 1 to Third Amended and Restated Certificate of Incorporation to be effective upon the initial public offering.
3.3(++)	Amended and Restated By-laws.
4.1(++)	Specimen class A common stock certificate.
4.2(++)	See Exhibits 3.1, 3.2 and 3.3 for provisions of the Certificate of Incorporation and By-laws of the Registrant defining the rights of holders of Common Stock of the Registrant.
4.3(++)	Form of Warrant.
5.1(++)	Opinion of Brobeck, Phleger & Harrison LLP.
10.1(++)	Lease, commencing on May 15, 1998, between 1600 Stewart Avenue, L.L.C and 800-FLOWERS, Inc.
10.2(++)	Investment Agreement, dated as of January 16, 1995, among Chemical Venture Capital Associates, Teleway, Inc. and James F. McCann.
10.3(++)	Consent and Amendment No. 1 to Investment Agreement, dated as of May 20, 1999, among Chase Capital Partners, 1-800-FLOWERS.COM, Inc. and James F. McCann.
10.4(++)	Credit Agreement, dated as of March 19,1999, between 1-800-FLOWERS, Inc. and The Chase Manhattan Bank.

</TABLE>

<TABLE>
<CAPTION>

NUMBER	DESCRIPTION
<C>	<S>
10.5(+)	Interactive Marketing Agreement, dated as of May 1, 1997, between America Online, Inc. and 800-FLOWERS, Inc.
10.6(+)	Interactive Marketing Agreement, dated as of January 1, 1998, between America Online, Inc. and 800-FLOWERS, Inc.
10.7(+)	E-Commerce Merchant Agreement for The Plaza on MSN, with a term start date of October 21, 1997, between The Microsoft Network, L.L.C. and 800-FLOWERS, Inc., as amended.
10.8(+)	Sponsorship Agreement, dated as of May 1, 1998, between Excite, Inc. and 800-FLOWERS, Inc.
10.9(+)	Development and Hosting Agreement, dated as of June 18, 1999, between Fry Multimedia, Inc. and 800-Gifthouse, Inc.
10.10(++)	1997 Stock Option Plan, as amended.
10.11(++)	Stockholders' Agreement, dated as of April 3, 1998, among The Plow & Hearth, Inc., 1-800-FLOWERS, Inc. and the Persons Set Forth on Schedule A thereto.
10.12(++)	Amendments to Stockholders' Agreement, dated as of May 17, 1999, among The Plow & Hearth, Inc., 1-800-FLOWERS.COM, Inc. and the Persons Set Forth on Schedule A thereto.
10.13(++)	Employment Agreement, effective as of January 4, 1999, between John W. Smolak and 1-800-FLOWERS, Inc.
10.14(++)	Employment Agreement, effective as of April 3, 1998, between Peter G. Rice and 1-800-FLOWERS, Inc.
10.15(++)	Employment Agreement, effective as of January 18, 1999, between Kerry W. Coin and 1-800-FLOWERS, Inc.
10.16(++)	Investors' Rights Agreement, dated as of May 20, 1999, among 1-800-FLOWERS.COM, Inc. James F. McCann, Christopher G. McCann and the persons designated as Investors on the signature pages thereto.
10.17(++)	Stock Purchase Agreement, dated as of May 20, 1999, among 1-800-FLOWERS.COM, Inc., James F. McCann, Christopher G. McCann and the Investors listed on Schedule A thereto.

10.18	1999 Stock Incentive Plan.
10.19(++)	Employment Agreement, effective as of July 1, 1999, between James F. McCann and 1-800-FLOWERS.COM, Inc.
10.20(++)	Employment Agreement, effective as of July 1, 1999, between Christopher G. McCann and 1-800-FLOWERS.COM, Inc.
10.21(++)	First Amendment to Credit Agreement Waiver and Consent, entered into as of May 20, 1999, between 1-800-FLOWERS.COM, Inc. and The Chase Manhattan Bank.
10.22(++)	Letter Agreements between 1-800-FLOWERS.COM, Inc. (formerly known as Teleway, Inc.) and Bayberry Advisors, Inc., dated September 30, 1993, March 8, 1995, May 8, 1996, May 8, 1997, May 8, 1998 and May 8, 1999.
21.1(++)	Subsidiaries of the Registrant.
23.1(++)	Consent of Brobeck, Phleger & Harrison LLP (included in Exhibit 5.1).
23.2*	Consent of Ernst & Young LLP.
23.3*	Consent of KPMG LLP.
24.1(++)	Powers of Attorney (included in the Signature Page).
27.1(++)	Financial Data Schedule for the year ended June 28, 1998.
27.2(++)	Financial Data Schedule for the nine months ended March 28, 1999.

</TABLE>

(*) To be filed by amendment.

(+) Confidential treatment requested for certain portions of this Exhibit pursuant to Rule 406 promulgated under the Securities Act.

(++) Previously filed.

(b) Financial Statement Schedules

Schedule II--Valuation and Qualifying Accounts

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred

or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 4 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on this 26th day of July, 1999.

<TABLE>
<S> <C>
Dated: July 26, 1999 *

James F. McCann
Chief Executive Officer
Chairman of the Board of Directors
(Principal Executive Officer)
</TABLE>

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 4 to the registration statement has been signed by the following persons in the capacities indicated below:

<TABLE>
<S> <C>
Dated: July 26, 1999 *

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

Dated: July 26, 1999 /s/ JOHN W. SMOLAK

John W. Smolak
Senior Vice President--Finance and
Administration (Principal Financial and
Accounting Officer)

Dated: July 26, 1999 *

Christopher G. McCann
Director, Senior Vice President

Dated: July 26, 1999 *

T. Guy Minetti
Director

Dated: July 26, 1999 *

Jeffrey C. Walker

Director

Dated: July 26, 1999 *

David Beirne
Director

</TABLE>

<TABLE>
<S> <C>
Dated: July 26, 1999 *

Charles R. Lax
Director

Dated: July 26, 1999 *

Kevin J. O'Connor
Director

</TABLE>

<TABLE>
<S> <C> <C>
*By: /s/ JOHN W. SMOLAK

John W. Smolak
Attorney-in-fact

</TABLE>

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(*) To be filed by amendment.

(+) Confidential treatment requested for certain portions of this Exhibit pursuant to Rule 406 promulgated under the Securities Act.

(++) Previously filed.

Exhibit 10.5

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION, PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED.

INTERACTIVE MARKETING AGREEMENT

This Agreement, dated as of May 1, 1997 (the "Effective Date"), is made and entered into by and between America Online, Inc. ("AOL"), a Delaware corporation, with its principal offices at 22000 AOL Way, Dulles, Virginia 20166 and 800 Flowers, Inc. ("FLOWERS"), a New York corporation, with its principal offices at 1600 Stewart Avenue, Westbury, New York 11590 (each a "Party" and collectively the "Parties").

INTRODUCTION

AOL and FLOWERS each desires that FLOWERS provide the Online Area on the AOL Network, subject to the terms and conditions set forth in this Agreement. Defined terms used but not defined in the body of the Agreement shall be as defined on Exhibit A attached hereto.

TERMS

1. ONLINE AREA - CONTENT AND PROGRAMMING. The Parties shall have the following duties and rights with respect to the content and programming of the Online Area:

1.1 ONLINE AREA. FLOWERS shall work diligently to maintain the Online Area, consisting of the categories and types of Content and Products contained within the Online Area as of the Effective Date, and such other Content and Products as may be added pursuant to Section 1.2. FLOWERS shall develop any redesign of the Online Area in consultation with AOL and in accordance with (i) a mutually agreed upon Design Package and (ii) any standard design and content publishing guidelines provided to FLOWERS by AOL. FLOWERS shall not authorize or permit any third party to distribute the Licensed Content or any other Content of FLOWERS through the AOL Network absent AOL's prior written approval; provided that FLOWERS shall not be prohibited from (a) placing advertisements for Products with third party content providers on the AOL Service (so long as such advertisements link only to the Online Area) or (b) licensing portions of the Licensed Content relating to such Products to such providers in order to create "mini-store" screens on those providers' areas (e.g., on the Romance Channel) (so long as such screens link only to the Online Area).

1.2 ADDITIONAL CONTENT; ADVERTISING; OTHER TRANSACTIONS. In the event that FLOWERS wishes to offer any categories or types of Content or Products (including, without limitation, any third-party advertising or promotion on the Online Area) in addition to those categories or types specifically contained within the Online Area as of the Effective Date (the "Additional Content"), FLOWERS shall notify AOL in writing. FLOWERS's right to offer any such Additional Content shall be subject to AOL's prior written approval, which shall not be unreasonably withheld. Any third party advertising or promotion on the Online Area (including, without limitation, classifieds listings) shall be subject to AOL's then standard advertising terms and conditions, including, without limitation, applicable revenue sharing terms (as such terms are mutually agreed upon).

1.3 INTERNET AREAS. FLOWERS shall not be permitted to establish any links between the Online Area and any other area on or outside of the AOL Network, including, without limitation, sites on the World Wide Web portion of the Internet, without the prior written approval of AOL. In the event that AOL approves any such links or pointers, such approval shall, in each case, be subject to FLOWERS's compliance with the then-current terms and conditions for such links or pointers, as such terms and conditions may be amended by AOL from time to time; provided that there shall be no fees assessed for such links or pointers, except as provided in Section 1.2 for links or pointers relating to third-party advertising or promotion.

1.4 CONTESTS. FLOWERS shall take all commercially reasonable steps necessary to ensure that any contest, sweepstakes or similar promotion conducted or promoted through the Online Area (a "Contest") complies with all applicable federal, state and local laws and regulations. FLOWERS shall provide AOL with at least thirty (30) days prior written notice of any Contest.

1.5 NAVIGATIONAL ICONS. AOL shall be entitled to establish navigational icons, links and pointers connecting the Online Area (or portions thereof) with other content areas on or outside of the AOL Network; provided that the Parties shall meet following execution hereof and thereafter, as appropriate, to develop guidelines for such navigational icons (e.g., pre-approved logos, copy, content categories for placement of icons, etc.).

1.6 [****] COMMITMENT; SPECIAL OFFERS. FLOWERS shall ensure that the [****] for Products in the Online Area [****] for

substantially similar Products offered by or on behalf of FLOWERS through any online or Internet-based interactive sites. In addition, FLOWERS shall, on a reasonably periodic basis, promote a reasonable number of special offers through the Online Area (e.g., free gift certificates to AOL Members upon the purchase of Product(s) and tie-ins to AOL's reward or frequent purchaser points program (upon development of such program by AOL, and on terms of participation in such program by FLOWERS that are mutually agreed by the parties), etc.) (the "Special Offers"). FLOWERS shall (a) provide AOL with reasonable prior notice of Special Offers so that AOL can market the availability of such Special Offers in the manner AOL deems appropriate in its editorial discretion and (b) ensure that the Special Offers are the best offers in all material respects when compared with any other such offers made available by or on behalf of FLOWERS through any interactive, online or Internet media during the same time the Special Offers are made available; provided that clause (b) shall not apply to a Special Offer to the extent that FLOWERS cannot make such offer available in the event such offer requires certain support technology from AOL which AOL cannot, or elects not to, provide. In addition, FLOWERS shall provide reasonably increased support for online contest and other special promotions, including, without limitation, greater contribution of flowers and gifts for use as prizes and give-aways.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

1.7 SERVICE CHARGES. In connection with any Product ordered through the AOL Network, FLOWERS may not, without the prior written consent of AOL, require the purchaser to pay (a) any shipping, handling or similar charges or (b) any processing, service or similar charges (the "Service Charges") in excess of (i) the Service Charge assessed for similar orders placed through FLOWERS telephone order system or (ii) [****] of the Service Charge assessed by FLOWERS inany online or Internet-based sales channel; provided that, except as mutually agreed by the Parties, the AOL Service Charge shall never be lower than [****].

1.8 DISCLAIMERS. FLOWERS agrees that a product disclaimer in substantially the following form will be displayed in a legal notice screen to be placed in a mutually agreed upon spot in

the listbox in the Customer Service portion of the Online Area:

> "AOL AND ITS AFFILIATES WILL NOT BE A PARTY TO ANY TRANSACTION BETWEEN ANY PURCHASER AND FLOWERS, AND, EXCEPT AS EXPRESSLY PROVIDED IN AOL'S SHOPPING CHANNEL SATISFACTION GUARANTEE (AVAILABLE AT KEYWORD "GUARANTEE"), ALL ASPECTS OF SUCH TRANSACTIONS INCLUDING BUT NOT LIMITED TO PURCHASE TERMS, PAYMENT TERMS, WARRANTIES, GUARANTEES, MAINTENANCE, AND DELIVERY ARE SOLELY BETWEEN PURCHASER AND FLOWERS. AOL AND ITS AFFILIATES PROVIDE NO GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE QUALITY, MAKE, OR PERFORMANCE OF THE PRODUCTS OR SERVICES AVAILABLE THROUGH THIS AREA. ALL SUCH GUARANTEES OR WARRANTIES, IF ANY, ARE DIRECTLY BETWEEN FLOWERS OR CATALOGER AND THE PURCHASER."

1.9 LICENSE. FLOWERS hereby grants AOL a non-exclusive worldwide license to market, license, distribute, display, perform, transmit and promote the Online Area contained therein through the AOL Network solely for the purposes described herein. AOL Members shall have the right to access and use the Online Area free of charge during the term of the Agreement. Subject to such license, FLOWERS retains all right, title to and interest in the Licensed Content.

1.10 AOL LOOK AND FEEL. FLOWERS acknowledges and agrees that AOL shall own all right, title and interest in and to the AOL Look and Feel, subject to FLOWERS's ownership rights in the Licensed Content, including, without limitation, any "look and feel" rights of FLOWERS specifically associated with the Licensed Content and the Online Area.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

2. ONLINE AREA - MANAGEMENT AND MAINTENANCE.

2.1 MANAGEMENT OF ONLINE AREA. FLOWERS shall manage, review, delete, edit, create, update and otherwise manage all content and services available on or through the Online Area, including but not limited to the Licensed Content and message boards, in a timely and professional manner and in accordance with the terms of this Agreement and AOL's applicable Terms of

Service. As set forth in further detail in Section 2.1 of Exhibit C, FLOWERS shall be responsible for all costs and expenses related to production work for the Online Area. FLOWERS shall use reasonable efforts to keep the Online Area current, accurate and well-organized. FLOWERS warrants that the Online Area (i) will not infringe on or violate any copyright, U.S. patent or any other third-party right; and (ii) will not contain any Content which violates any applicable law or regulation. FLOWERS will use commercially reasonable best efforts to ensure that the Online Area conforms to AOL's applicable Terms of Service. AOL shall have no obligations with respect to the Content available on or through the Online Area, including, but not limited to, any duty to review or monitor any such Content.

2.2 ACCESS EQUIPMENT. FLOWERS shall provide all computer, telephone and other equipment or resources necessary for FLOWERS to access the AOL Network, except for the AOL proprietary client software necessary to access the AOL Network and the publishing tools to be provided by AOL pursuant to Exhibit C.

2.3 DUTY TO INFORM. FLOWERS shall use all reasonable efforts to promptly inform AOL of any written information (or any verbal information received by a senior executive of FLOWERS) related to the Online Area which could reasonably lead to a claim, demand, or liability of or against AOL and/or its Affiliates by any third party.

2.4 OVERHEAD ACCOUNTS. FLOWERS shall be granted a reasonable number of Overhead Accounts, as mutually determined by AOL and FLOWERS, for the exclusive purpose of enabling it and its agents to perform FLOWERS's duties under this Agreement. FLOWERS shall be responsible for the actions taken under or through its Overhead Accounts, which actions are subject to AOL's applicable Terms of Service and for any surcharges, including, without limitation, all premium charges, transaction charges, and any applicable communication surcharges incurred by any Overhead Account issued to FLOWERS, but FLOWERS shall not be liable for charges incurred by any Overhead Account relating to AOL's standard monthly usage fees and standard hourly charges, which charges AOL shall bear. Upon the termination of this Agreement, all Overhead Accounts, related screen names and any associated usage credits or similar rights, shall automatically terminate. AOL shall have no liability for loss of any data or content related to the proper termination of any Overhead Account.

2.5 CUSTOMER SERVICE. It is the sole responsibility of FLOWERS to provide customer service to persons or entities purchasing Products through the AOL Network

("Customers") regarding any Products or related transactions. In addition to complying with the Customer Service Requirements set forth in Exhibit E, and any reasonable changes thereto that AOL may make from time to time, FLOWERS shall ensure same-day delivery for orders received before 12:30 p.m. in the time zone where the order is to be delivered. If same-day service will not be feasible for a particular order, FLOWERS agrees to use its best efforts (e-mail, phone, etc.) to notify the customer that the order will be delivered the next day. Next-day delivery will always be attempted, even during busy holiday seasons. Furthermore, the "cut-off" time of 12:30 p.m. may be expanded or contracted by FLOWERS during holiday periods according to significant changes in market demand. FLOWERS will use all reasonable efforts to notify AOL before the "cutoff" time is changed. FLOWERS agrees that the cutoff time for accepting orders from AOL customers shall be no sooner than the cutoff time for any other FLOWERS online or Internet-based partner, subject to earlier cutoff times for AOL customers during specific performance failures of the AOL Network (e.g., downtime of e-mail, Standard Clerk Tools). FLOWERS shall bear all responsibility for compliance with federal, state and local laws in the event the Products are out of stock or are no longer available at the time an order is received. Title to Product(s) shall remain in FLOWERS and shall be transferred directly from FLOWERS to the Customers. Payment for FLOWERS Product(s) shall be collected by FLOWERS directly from Customer. FLOWERS shall bear the entire economic risk of shipment and payment for FLOWERS Product(s).

2.6 ERROR RATES. Recognizing the subjective nature of a custom-made floral order, to the extent that an error does occur or is alleged to occur by an AOL Member, FLOWERS will rectify the situation as set forth in Exhibit E. FLOWERS will use its best efforts to achieve an error rate on orders taken through the AOL Network that does not exceed [****] (the "Performance Standard"). For purposes of this paragraph, an "error" is defined as an order that, due primarily to the failure of FLOWERS or its florists, (i) is not delivered pursuant to FLOWERS customary delivery schedules, (ii) is delivered to an incorrect location, (iii) or does not arrive in reasonably good condition. In the event that FLOWERS fails to meet the Performance Standard, as determined on a monthly basis, for a period of two consecutive months, then AOL shall send FLOWERS a written notice specifying the details of any such failures and

affording FLOWERS thirty (30) days to comply with the Performance Standard. If FLOWERS does not cure said default within thirty (30) days then AOL shall have the right to terminate this Agreement. Flowers agrees to use best efforts in correcting any problems reported by AOL and will act accordingly to correct any problems. FLOWERS will provide a monthly report to AOL no later than thirty (30) days after the end of each calendar month that shows all known errors and measures the rate of properly-completed orders versus orders processed with an "error" (as defined above). Without limiting the foregoing, in the event (a) the error rate achieved by FLOWERS is above [****] but below [****] and (b) AOL receives a significant number of complaints from AOL Members

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regarding errors, the parties shall discuss in good faith the means by which the error rate may be improved.

2.7 TECHNICAL CONFORMANCE. FLOWERS shall take all commercially reasonable steps necessary to conform its promotion and sale of Products through the Online Area to the then-existing commerce technologies made available to FLOWERS by AOL. Notwithstanding the foregoing, FLOWERS and AOL shall take all commercially reasonable efforts to develop and implement a new order transfer mechanism (to be mutually agreed upon by the Parties as soon as commercially practicable following execution hereof) to replace the FTP process currently used by FLOWERS for receipt of orders from AOL.

2.8 ADDITIONAL TRANSACTION MECHANISMS. FLOWERS shall only be permitted to promote and/or offer Products to be sold through the Online Area using AOL's then-available "clerk" transaction tools ("Standard Clerk Tools"). To the extent the Parties agree that FLOWERS shall be permitted to sell Products from FLOWERS's site on the World Wide Web through a hybrid browser or other similar form, the Parties shall mutually agree upon a transaction mechanism (an "Alternative Transaction Mechanism") for the purchase of Products, which Alternative Transaction Mechanism shall include FLOWERS's plan for reporting information to AOL regarding sales of Products. In the event an Alternative Transaction Mechanism is agreed upon, the parties shall mutually agree on (a) any new revenue-sharing provisions relating to the sales occurring through such means

and (b) any changes in the revenue targets set forth in Sections 4 and 10. All sales under the Alternative Transaction Mechanism shall count towards such revenue targets.

3. MARKETING AND PROMOTION.

3.1 BY FLOWERS. FLOWERS shall use commercially reasonable efforts to market the Online Area, and shall, at a minimum, perform the following obligations:

3.1.1 FLOWERS shall cooperate with and reasonably assist AOL in supplying material for AOL's marketing and promotional activities which relate to the Online Area.

3.1.2 FLOWERS shall perform any New Member acquisition obligations set forth in Exhibit D and shall not perform any member or subscriber acquisition obligations on behalf of any interactive, online or Internet service provider (including, without limitation, NetCom, EarthLink, CompuServe, Microsoft Network; and AT&T WorldNet).

3.1.3 FLOWERS shall prominently and regularly promote the Online Area (making specific mention of its availability through the America Online(R)service) in (i) approximately [****] of FLOWERS-controlled television, radio or print advertisements that are produced after

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the Effective Date and that specifically mention any of FLOWERS's online or Internet-based shopping functionality and (ii) approximately [****] of any publications, programs, features or other forms of media under FLOWERS's control (excluding the advertisements subject to clause (i)). In this regard, in any instances when FLOWERS makes promotional reference in any print advertisements to its World Wide Web site(s) (each a "FLOWERS Web Site") (each reference, a "Web Reference"), FLOWERS shall include a specific reference to the Online Area's availability through the America

Online(R)service of at least equal prominence to the Web Reference; any listings of the applicable "URL(s)" for such web site(s) (each a "Web Reference") shall include a listing of the AOL "keyword" for the Online Area of at least equal prominence to the Web Reference. AOL acknowledges that an occasional, unintentional failure to comply with the foregoing promotional commitments shall not be deemed a breach of the Agreement.

3.1.4 FLOWERS shall ensure that (a) AOL is given the exclusive first opportunity to participate in [****] of any online or Internet-related marketing and promotional activities, initiated and/or controlled by (directly or through an advertising agency) FLOWERS, which FLOWERS desires to conduct with any entity which could reasonably be construed to be or become in competition with AOL [****] subsequent to execution hereof (so long as AOL informs FLOWERS of its desire to participate in any such activity within five (5) business days following receipt of written notice from FLOWERS detailing the opportunity) and (b) AOL receives substantially more promotion and marketing (in value, duration, prominence, etc.) from FLOWERS than either [****] receives from FLOWERS. In addition, FLOWERS shall not affirmatively promote, market or distribute the products or services of the following [****]; provided that this provision shall not prevent FLOWERS from promoting, marketing, advertising or distributing its own Products through such entities, subject to Section 1.6. FLOWERS shall not enter into any significant marketing, distribution, advertising or promotional arrangement related to either [****] following the execution hereof (excluding any business-to-business arrangement).

3.1.5 FLOWERS shall include each of the following promotions for the Online Area and AOL within each FLOWERS Web Site during the term of the

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Agreement: (i) a prominent "Try AOL" feature in the area where FLOWERS mentions its business partners (which is currently known as "About 1-800-FLOWERS") where users can obtain promotional information about AOL products and services and, at AOL's option, download or order AOL's then-current version of client software for the America Online(R)brand service and (ii) a link from the FLOWERS Web Site to AOL's primary site on the World Wide Web. In addition, in the event FLOWERS commences the sale of advertising on any FLOWERS Web Site, FLOWERS shall reserve no less than fifteen percent (15%) of FLOWERS unsold advertising inventory on such FLOWERS Web Site for use by AOL at no cost to AOL.

3.2 BY AOL.

3.2.1 AOL shall provide prominent online promotion for the Online Area across the AOL Service using promotional mechanisms chosen from time to time by AOL in its reasonable discretion from among the following, all as set forth in Exhibit B (the "Promotional Plan"): (a) pop-up advertisements within the Personal Finance, Sports and Shopping channels; (b) the AOL "Welcome Screen"; and (c) appropriate holiday/theme areas (including Thanksgiving, Christmas/Hanukkah, Valentine's Day, Easter, Mother's Day, New Year's and Secretaries' Week). In addition, also as set forth in Exhibit B, AOL shall provide FLOWERS with a consistent and prominent promotional presence in the following areas on the AOL Service: Shopping newsletters, Gift Reminder, Lifestyles, Interests, and Romance. Promptly following execution hereof, AOL in consultation with FLOWERS shall develop a mutually agreed detailed promotional plan regarding the above commitments based on Exhibit B. The parties agree that Exhibit B is not intended to exclude any additional promotional mechanisms or plans. On a periodic basis, no less than quarterly, the parties shall review and modify, as applicable, the promotional plan in a continuing effort to have a current and effective promotional plan. If AOL is unable to deliver any particular promotion pursuant to Exhibit B, the Parties will cooperate in good faith to develop a replacement program that will include providing FLOWERS with a substitute promotion of similar quality, nature and value. In addition, AOL shall use commercially reasonable best efforts to include FLOWERS when AOL makes promotional references to online shopping which include references to online

partners in AOL's promotions, marketing or advertising; provided that AOL shall not be required to make such inclusion when making promotional references to (a) a single online partner or (b) online partners who make up a specific product category (other than floral products). The Parties will also explore the creation of [****] on the AOL Service.

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3.2.2 AOL shall provide FLOWERS with a prominent promotional position (an "Anchor Tenancy") on the relevant main screen that is pointed to from the floral products department/category listed in the "Shopping Channel" on the AOL Service. Anchor Tenancy shall entitle FLOWERS to placement that is no less prominent and favorable in size and position on the screen than any other third party with an Anchor Tenancy on such main screen.

3.2.3 AOL shall ensure that, in all areas on the AOL Service which are owned, maintained or controlled by AOL (the "AOL-Controlled Areas"), FLOWERS shall be the exclusive provider of fresh cut flowers and plants (the "Exclusive Products"). In accordance with the foregoing, AOL shall not (a) promote, market or advertise within the AOL-Controlled Areas any entity that sells the Exclusive Products, or (b) otherwise allow such entities to sell, or offer to sell, the Exclusive Products within the AOL-Controlled Areas. For purposes of this Section 3.2.3, the terms "promote," "market" and "advertise" shall include not only their customary meanings, but also any and all promotional linking and pointing. [****]

3.2.4 AOL shall be entitled, in its reasonable discretion, to list, promote and offer for the benefit of FLOWERS individual Products or specific subsets of Products offered by FLOWERS through features within the AOL Network managed and maintained by AOL, its Affiliates or their agents, including without limitation, special gift collections and product search services.

In the event such listings, promotions or offers involve text or multimedia descriptions which differ from the descriptions appearing within the Online Area, such modified descriptions shall be subject to the prior approval of FLOWERS, which shall not be unreasonably withheld or delayed.

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3.3 PROMOTIONAL MATERIALS/PRESS RELEASES. Each Party will submit to the other Party, for its prior written approval, which shall not be unreasonably withheld or delayed, any marketing, advertising, press releases and all other promotional materials related to the Online Area and/or referencing the other Party and/or its trade names, trademarks, and service marks (the "Materials"); provided, however, that either Party's use of screen shots of the Online Area for promotional purposes shall not require the approval of the other Party so long as the AOL Network is clearly identified as the source of such screen shots. Each Party shall solicit and reasonably consider the views of the other Party in designing and implementing such Materials. A Party whose approval is sought shall respond within five (5) business days of its receipt of the Materials. If such Party fails to respond within such five-day period, then its consent shall be deemed given. Once approved, the Materials may be used during the term of this Agreement by a Party and its affiliates for the purpose of promoting the Online Area and the content contained therein and reused for such purpose until such approval is withdrawn with reasonable prior notice. No press release, public announcement, confirmation or other public statement regarding this Agreement or the contents hereof shall be made without the prior written consent of the other Party, which consent shall not be unreasonably withheld. It is agreed and understood that the Parties shall work together to prepare a press release to be issued as soon as reasonably possible following execution hereof and in no event more than ten (10) business days thereafter. Notwithstanding the foregoing, either Party may issue a press release or other disclosure without the consent of the other Party, if such disclosure is required pursuant to Section 6 (and in accordance therewith).

3.4 TRADEMARK LICENSE. In designing and implementing the Materials and subject to the other provisions contained herein, FLOWERS

shall be entitled to use the following trade names, trademarks, and service marks of AOL: the "America Online(R)" (brand service, "AOL(TM)" service/software and AOL's triangle logo; and AOL and its Affiliates shall be entitled to use the following trade names, trademarks, and service marks of FLOWERS solely in connection with this Agreement: 1-800-Flowers, Gift Concierge Service, World's Favorite Florist, Freshness Care System, Fresh Thoughts (collectively, together with the AOL marks listed above, the "Marks"); provided that each Party: (i) does not create a unitary composite mark involving a Mark of the other Party without the prior written approval of such other Party; (ii) displays symbols and notices clearly and sufficiently indicating the trademark status and ownership of the other Party's Marks in accordance with applicable trademark law and practice; and (iii) uses the other Party's Marks in accordance with written guidelines provided to such Party by the other Party.

3.4.1 OWNERSHIP OF TRADEMARKS. Each Party acknowledges the ownership of the other Party in the Marks of the other Party and agrees that all use of the other Party's Marks (including all goodwill associated with the Marks) shall inure to the benefit, and be on behalf, of the other Party. Each Party acknowledges that its utilization of the other Party's

Marks will not create in it, nor will it represent it has, any right, title, or interest in or to such Marks other than the licenses expressly granted herein. Each Party agrees not to do anything contesting or impairing the trademark rights of the other Party, including, without limitation, seeking to register the other Party's Marks as part of a composite Mark.

3.4.2 QUALITY STANDARDS. Each Party agrees that the nature and quality of its products and services supplied in connection with the other Party's Marks shall conform to quality standards set by the other Party. Each Party agrees to supply the other Party, upon request, with a reasonable number of samples of any Materials publicly disseminated by such Party which utilize the other Party's Marks. Each Party shall comply with all applicable laws, regulations, and customs and obtain any required government approvals pertaining to use of the other Party's marks.

3.4.3 INFRINGEMENT PROCEEDINGS. Each Party agrees to promptly notify the other Party of any unauthorized use of the other Party's Marks of which it has actual knowledge. Each Party shall have the sole right and discretion to bring proceedings alleging infringement of its Marks or unfair competition related thereto; provided, however, that each Party agrees to provide the other Party with its reasonable cooperation and assistance with respect to any such infringement proceedings.

3.5 ADDITIONAL AGREEMENTS. In order to expand FLOWERS's exposure on the AOL Service beyond the AOL-Controlled Areas, AOL shall use commercially reasonable efforts to assist FLOWERS in establishing promotional, marketing, advertising and/or distribution relationships with AOL's content providers to be the provider of the FLOWERS Products to or through such entities. In addition, the Parties shall work together in good faith to approach other entities (e.g., those entities in which AOL has an ownership interest) to promote, market and distribute FLOWERS and its Products through such entities. Without limiting the foregoing, AOL shall approach [****] on behalf of FLOWERS to discuss establishment of a promotional, marketing, advertising and/or distribution arrangement. The Parties shall also explore distribution of the Online Area through AOL's "AOL.COM" brand Internet site and international versions of the AOL Service. With respect to all of the foregoing promotional, marketing, advertising or distribution arrangements that result in a contractual relationship, (a) AOL shall be entitled to receive a negotiated percentage (as agreed upon in good faith by the Parties) of the gross revenues (as defined in any such contract) and upfront payments (if any) pursuant to any such arrangements and (b) with respect to arrangements relating to international versions of the AOL Service, FLOWERS will, for a period of [****] following execution of the Agreement, upon AOL's request, work solely with AOL to approach the operators of such versions and to develop proposed arrangements therewith. In particular, the Parties agree that AOL shall extend the terms and conditions of this Agreement to include distribution of the Online Area through AOL Canada;

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provided that AOL Canada agrees to such terms and conditions. FLOWERS acknowledges and agrees that AOL does not guarantee (a) that any of the entities to be approached under this Section 3.5 will agree to enter an arrangement with FLOWERS, or (b) that the terms and conditions of any arrangement that any such entity may agree to enter will resemble in any respect the terms and conditions of this Agreement (including without limitation the promotion and exclusivity provisions hereof).

4. PAYMENTS: REPORTS.

4.1 INITIAL PAYMENTS.

4.1.1 Subject to Section 10, FLOWERS shall pay AOL in immediately available funds wired to AOL's account the total non-refundable sum of Ten Million Dollars (US$10,000,000), as follows: (a) upon execution hereof, Two Million Five Hundred Thousand Dollars (US$2,500,000), (b) on June 30, 1998, Two Million Five Hundred Thousand Dollars (US$2,500,000), (c) on December 15,1998, Two Million Five Hundred Thousand Dollars (US$2,500,000) and (d) on June 30, 1999, Two Million Five Hundred Thousand Dollars (US$2,500,000). AOL shall earn a portion of the initial 2,500,000 payment not to exceed Six Hundred Ninety Thousand Dollars ($690,000) in accordance with the milestones set forth in Exhibit F.

4.1.2 In the event cumulative Sales Revenues excluding Service Charges (the "Merchandise Revenues") for the first year commencing on July 1, 1997 ("Year 1") and the second year following Year 1 ("Year 2") equal or exceed [****], FLOWERS shall pay AOL the non-refundable sum of [****] in equal installments on the first day of each calendar quarter during the third year following Year 2 ("Year 3").

4.1.3 In the event (a) cumulative Merchandise Revenues for Years 1, 2 and 3 equal or exceed [****] or (b) Merchandise Revenues in Year 3 equal or [****], FLOWERS shall pay AOL the non-refundable sum of [****] in equal installments on the first day of each calendar quarter during the fourth year following Year 3 ("Year 4").

4.2 SHARING OF SALES REVENUES.

4.2.1 During each of Year 1 and Year 2, FLOWERS shall pay AOL an amount equal to [****] of all Sales

Revenues in such year; provided that (a) in Year 1 FLOWERS shall pay such amount only for Sales

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Revenues occurring on or after July 1, 1997 (all revenues prior to such date being accounted for pursuant to Section 4.5) and (b) in the event Sales Revenues in either Year 1 or Year 2 equal or exceed [****] in such year (such amount in each year, a "Yearly Hurdle"), FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues thereafter in such year. The amount, if any, by which a Yearly Hurdle in Years 1, 2, 3 or 4 exceeds the total Sales Revenues in any such year is called a "Yearly Shortfall." The Yearly Hurdle for each year shall be increased by the amount of the Yearly Shortfall from the prior year. The existence of a Yearly Shortfall in any year shall not in any respect constitute a breach of this Agreement by either Party.

4.2.2 During Year 3, in the event AOL is entitled to receive a [****] pursuant to Section 4.1.2, FLOWERS shall pay AOL (in addition to the [****]) an amount equal to [****] of all Sales Revenues; provided that in such event and in the event Sales Revenues in Year 3 equal or exceed [****] (also, a "Yearly Hurdle" subject to adjustment as set forth in Section 4.2.1), FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues thereafter in Year 3. In the event AOL is not entitled to receive a [****] pursuant to Section 4.1.2, FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues during Year 3 until the total Sales Revenues during Year 3 equal or exceed the amount of the Yearly Shortfall in Year 2, at which point FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues thereafter in Year 3.

4.2.3 During Year 4, in the event AOL is entitled to receive a [****] pursuant to Section 4.1.3, FLOWERS shall pay AOL (in addition to the [****]) an amount equal to [****] of all Sales Revenues; provided that in such event and in the event Sales Revenues in

Year 4 equal or exceed [****] (also, a "Yearly Hurdle" subject to adjustment as set forth in Section 4.2.1), FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues thereafter in Year 4. In the event AOL is not entitled to receive a [****] pursuant to Section 4.1.3, FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues during Year 4 until the total Sales Revenues during Year 4 equal or exceed the amount of the Yearly Shortfall in Year 3, at which point FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues thereafter in Year 4.

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4.2.4 In the event at any time during the term of the Agreement, cumulative Merchandise Revenues equal or exceed [****], FLOWERS shall pay AOL an amount equal to [****] of all Sales Revenues thereafter.

4.2.5 Each month, FLOWERS shall pay all amounts owed pursuant to this Section 4.2 within thirty (30) days of the end of such month. Each payment to AOL shall include any reporting required pursuant to Section 4.8 below.

4.3 EXHIBIT C FEES. FLOWERS shall pay AOL in accordance with the payment terms and conditions agreed upon by the Parties in connection with the AOL services that may be agreed upon pursuant to Section 2.1 of Exhibit C.

4.4 NEW MEMBER BOUNTIES. In consideration of FLOWERS's New Member acquisition efforts pursuant to Section 3.1.5 and Exhibit D, AOL shall pay FLOWERS a fee of Ten Dollars (US$10.00) for each New Member acquired as a direct result of such efforts (a "New Member Bounty").

4.5 OLD AGREEMENT AMOUNTS. Each Party shall pay the other Party all outstanding amounts due and payable to the other Party pursuant to Section 1 of the Old Agreement (as defined in Section 11.8) in the time and manner prescribed therein. FLOWERS shall pay AOL for sales of Products occurring hereunder subsequent to the Effective Date and prior to July 1, 1997, based on the structure set forth in Section 1 of the

Old Agreement (i.e., [****]).

4.6 LATE PAYMENTS. All amounts owed hereunder not paid when due and payable will bear interest from the date such amounts are due and payable the rate of 8% per year.

4.7 AUDITING RIGHTS. FLOWERS shall maintain complete, clear and accurate records of all expenses, revenues and fees in connection with the performance of this Agreement. For the sole purpose of ensuring compliance with this Agreement, AOL shall have the right, at its expense, to direct an independent certified public accounting firm to conduct a reasonable and necessary inspection of portions of the books and records of FLOWERS which are relevant to amounts payable to AOL pursuant to this Agreement. Any such audit may be conducted once per year after twenty (20) business days, prior written notice. Any audit shall be at AOL's sole cost and expense unless a discrepancy of the greater of five percent (5%) or Twenty-Five Thousand Dollars (US$25,000) is found, in which case FLOWERS will pay all reasonable costs and expenses related to the audit, not to exceed Ten Thousand Dollars (US$10,000).

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4.8 REPORTS. Each Party shall each provide the other Party with certain reports evidencing the reporting Party's compliance with its obligations under the Agreement and detailing certain information, all as set forth below, which may be mutually amended from time to time by the parties.

4.8.1 SALES REPORTS. Consistent with the reports currently supplied by FLOWERS to AOL, FLOWERS shall provide AOL with a periodic report detailing the following activity in such period: Sales Revenue, chargebacks and credits for returned or cancelled goods or services (and, where possible, an explanation of the type of reason therefor, e.g., bad credit card information, poor customer service, etc.), and credit card processing fees charged and/or collected by the credit card issuer.

4.8.2 PROMOTIONAL REPORTS. Each Party shall provide the other Party with a quarterly report documenting its

compliance with any promotional commitments it has undertaken pursuant to the Agreement. In reporting any promotion, the Party should describe the nature of promotion, its duration and any other relevant information regarding the promotion, including any required information set forth in the description of each promotion.

4.8.3 FRAUDULENT TRANSACTIONS. To the extent permitted by applicable laws, FLOWERS shall provide AOL with a prompt report of any fraudulent order, including the date, screenname and amount associated with such order, following FLOWERS obtaining knowledge that the order is, in fact, fraudulent.

4.8.4 AOL REPORTS. AOL shall provide FLOWERS with monthly reports specifying for the prior month aggregate hourly usage within the Online Area and other mutually agreed-upon information relating to the Online Area.

4.9 TAXES. FLOWERS shall collect and pay and indemnify and hold AOL harmless from, any sales, use, excise, import or export value added or similar tax or duty not based on AOL's net income, including any penalties and interest, as well as any costs associated with the collection or withholding thereof, including reasonable attorneys' fees, in the event litigation or any regulatory proceeding, investigation or action is commenced.

5. REPRESENTATIONS AND WARRANTIES. Each Party represents and warrants to the other Party that: (i) such Party has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; (ii) the execution of this Agreement by such Party, and the performance by such Party of its obligations and duties hereunder, do not and will not violate any agreement to which such Party is a party or by which it is otherwise bound; (iii) when executed and delivered by such Party, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (iv) such Party acknowledges that the other Party makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement.

6. CONFIDENTIALITY. Each Party acknowledges that Confidential Information may be disclosed to the other Party during the course of this Agreement. Each Party agrees that it shall take reasonable steps, at least substantially

equivalent to the steps it takes to protect its own proprietary information, during the term of this Agreement, and for a period of [****] following expiration or termination of this Agreement, to prevent the duplication or disclosure of Confidential Information of the other Party, other than duplication by or disclosure to its employees or affiliates who must have access to such Confidential Information to perform such Party's obligations hereunder, who shall each agree to comply with this Section 6 of this Agreement. Notwithstanding the foregoing, either Party may issue a press release or other disclosure containing Information without the consent of the other Party, to the extent such disclosure is required by law, rule, regulation or government or court order, as evidenced by a written opinion of legal counsel. In such event, the disclosing Party shall provide at least five (5) business days, prior written notice of such proposed disclosure to the other Party. Further, in the event such disclosure is required of either Party under the laws, rules or regulations of the Securities and Exchange Commission or any other applicable governing body, such Party shall (i) redact mutually agreed-upon portions of this Agreement to the fullest extent permitted under applicable laws, rules and regulations and (ii) submit a request (at the expense of the primary party seeking to limit disclosure) to such governing body that such portions and other provisions of this Agreement receive confidential treatment under the laws, rules and regulations of the Securities and Exchange Commission or otherwise be held in the strictest confidence to the fullest extent permitted under the laws, rules or regulations of any other applicable governing body.

7. SOLICITATION/PROMOTION.

7.1 SOLICITATION OF SUBSCRIBERS. During the term of this Agreement, and for the one-year period following the expiration or termination of this Agreement, neither FLOWERS nor its affiliates or agents (such agents acting at the direction of FLOWERS) will use the AOL Network to (i) solicit, or participate in the solicitation of AOL Members when that solicitation is for the benefit of any AOL Competitor or (ii) promote any services which could reasonably be construed to be in competition with the business of AOL in providing Internet, online or related services. In addition, FLOWERS may not send any AOL Member e-mail communications through the AOL Network without a "Prior Business Relationship." For purposes of this Agreement, a "Prior Business Relationship"

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shall mean that the AOL Member has either (i) engaged in a

transaction with FLOWERS through the AOL Network or (ii) voluntarily provided information to FLOWERS through a contest, registration, or other communication, which, in the case of clause (ii), included notice therein to the AOL Member that the information provided by the AOL Member could result in an e-mail being sent to that AOL Member by FLOWERS or its affiliates or agents. A Prior Business Relationship does not exist by virtue of an AOL Member's visit to the Online Area (absent the additional elements described above).

7.2 COLLECTION OF MEMBER INFORMATION. FLOWERS is prohibited from collecting AOL Member screennames from public or private areas of the AOL Network, except as specifically provided below; provided that FLOWERS is allowed to receive screennames within the Online Area, subject to the provisions below. FLOWERS shall ensure that any survey, questionnaire or other means of collecting Member Information including, without limitation, requests directed to specific AOL Member screennames and automated methods of collecting screennames (an "Information Request") complies with (i) all applicable laws and regulations, (ii) AOL's applicable Terms of Service and (iii) any privacy policies which have been issued by AOL in writing during the term of the Agreement and made available to FLOWERS (the "AOL Privacy Policies"). Each Information Request shall clearly and conspicuously specify to the AOL Members at issue the purpose for which Member Information collected through the Information Request shall be used (the "Specified Purpose").

7.3 USE OF MEMBER INFORMATION. FLOWERS shall restrict use of the Member Information collected through an Information Request to the Specified Purpose. In no event shall FLOWERS (i) provide AOL Member names, screennames, addresses or other identifying information (excluding any such information (e.g., name) that was received by FLOWERS from an AOL Member via another FLOWERS sales channel and was not overlaid against or otherwise derived from other information received from such member via the AOL Service or the Online Area) ("Member Information") to any third party (except to the extent specifically (a) permitted under the AOL Privacy Policies or (b) authorized by the members in question), (ii) rent, sell or barter Member Information, (iii) identify, promote or otherwise disclose AOL Member names, screennames, addresses or other identifying information in a manner that identifies AOL Members as end-users of the AOL Network or (iv) otherwise use any Member Information in contravention of Section 7.1 above.

8. LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION.

8.1 LIABILITY. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES (EVEN IF THAT PARTY HAS BEEN

ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING FROM THE SALE OF PRODUCTS, THE USE OR

INABILITY TO USE THE AOL NETWORK, THE AOL SERVICE OR THE ONLINE AREA, OR ARISING FROM ANY OTHER PROVISION OF THIS AGREEMENT, SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS. EXCEPT AS PROVIDED IN SECTION 8.3, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR MORE THAN THE AGGREGATE AMOUNTS TO BE PAID TO AOL BY FLOWERS IN ANY YEAR UNDER THIS AGREEMENT.

8.2 NO ADDITIONAL WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES, AND EACH PARTY HEREBY SPECIFICALLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE AOL NETWORK, THE AOL SERVICE OR THE ONLINE AREA, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AOL SPECIFICALLY DISCLAIMS ANY WARRANTY REGARDING THE PROFITABILITY OF THE ONLINE AREA.

8.3 INDEMNITY. Either Party will defend, indemnify, save and hold harmless the other Party and the officers, directors, agents, affiliates, distributors, franchisees and employees of the other Party from any and all third-party claims, demands, liabilities, costs or expenses, including reasonable attorneys' fees ("Liabilities"), resulting from the indemnifying Party's material breach of any duty, representation, or warranty of this Agreement, except to the extent Liabilities result from the negligence or misconduct of, or material breach of any duty, representation, or warranty of this Agreement by, the other Party.

8.4 CLAIMS. Each Party agrees to (i) promptly notify the other Party in writing of any indemnifiable claim and give the other Party the opportunity to defend or negotiate a settlement of any such claim at such other Party's expense, and (ii) cooperate fully with the other Party, at that other Party's expense, in defending or settling such claim. Each Party reserves the right, at its own expense, to assume the exclusive defense and control of any matter otherwise subject to indemnification by the other Party hereunder, and in such event, such other Party shall have no further obligation to provide indemnification for such matter hereunder.

8.5 ACKNOWLEDGEMENT. AOL and FLOWERS each acknowledges that the

provisions of this Agreement were negotiated to reflect an informed, voluntary allocation between them of all risks (both known and unknown) associated with the transactions contemplated hereunder. The limitations and disclaimers related to warranties and liability contained in this Agreement are intended to limit the circumstances and extent of liability. The provisions of this Section 8 shall be

enforceable independent of and severable from any other enforceable or unenforceable provision of this Agreement.

9. AOL TERMS OF SERVICE; UNSPECIFIED CONTENT. AOL shall have the right to remove, or direct FLOWERS to remove any Content which, as reasonably determined by AOL (i) violates AOL's then-standard Terms of Service (as set forth on the AOL Service) or the terms of this Agreement or (ii) belongs to a type or category of Content not specifically contained within the Online Areas as of the Effective Date subject further to the provisions of Section 1.2 hereof.

10. TERM AND TERMINATION.

10.1 TERM. Unless earlier terminated as set forth herein, the term of this Agreement shall commence on the Effective Date and expire on June 30, 2001.

10.2 TERMINATION. Either Party may terminate this Agreement at any time in the event of a material breach by the other Party which remains uncured after thirty (30) days written notice thereof (or, in the case of an alleged breach which cannot with due diligence be cured within a period of thirty (30) days, so long as the party institutes measures to cure such breach within such thirty (30) day period and thereafter takes all reasonable measures to cure such alleged breach, such party shall have an additional period of sixty (60) days to cure such alleged breach, subject to Section 11.1. In addition, either Party may terminate this Agreement immediately following written notice to the other Party (i) if the other Party ceases to do business, becomes or is declared insolvent or bankrupt, is the subject of any proceeding related to its liquidation or insolvency which is not dismissed within ninety (90) calendar days or makes an assignment for the benefit of creditors or (ii) in the event of consummation of an acquisition of the other Party, or all or substantially all of the assets of such other Party, through merger, asset acquisition, stock acquisition or otherwise, by a direct competitor of the Party giving such notice. In addition, in the event (a) cumulative Merchandise

Revenues in Years 1 and 2 equal less than [****], (b) total Merchandise Revenues in Year 2 equal less than [****] in such year, (c) total Merchandise Revenues in Year 3 equal less than [****] in such year, or (d) cumulative Merchandise Revenues for Years 1, 2 and 3 equal less than [****], AOL shall have the right to terminate the Agreement upon thirty (30) days, written notice to FLOWERS. In the event AOL desires to terminate the Agreement pursuant to clauses (a) or (b), the Agreement shall terminate on the date on which the total Sales Revenues equal or exceed [****]; provided that (i) in the event such date has not occurred as of the end of Year 3, the Agreement shall continue under the same terms except that during the period following the end of Year 3, Sections 1.6, 1.7, 3.1 and 3.2 shall not apply and (ii) in no event shall the

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Agreement continue beyond the end of Year 4. In the event that, prior to the end of Year 2, AOL is considering termination of the Agreement pursuant to clauses (a) or (b) above, AOL shall provide FLOWERS with written notice at least thirty (30) days prior to the end of Year 2 that AOL is reserving its right to so terminate; in such event, FLOWERS shall be entitled to withhold the [****] otherwise due to AOL pursuant to Section 4.1.1, until AOL notifies FLOWERS that AOL elects not to terminate the Agreement pursuant to either such clause, at which time FLOWERS shall pay AOL such amount. In the event AOL desires to terminate the Agreement pursuant to clause (c) or (d) above, the Agreement shall terminate on the date on which the total Sales Revenues equal or exceed [****]; provided that (i) during the period following the end of Year 3 Sections 1.6, 1.7, 3.1 and 3.2 shall not apply and (ii) in no event shall the Agreement continue beyond the end of Year 4. In no event shall AOL be entitled to terminate the Agreement pursuant to clauses (a), (b), (c) or (d) to the extent that AOL's addition of "sub" services within the AOL Service renders FLOWERS unable to meet the revenue targets set forth in such clauses. AOL shall also have the right of termination specified in Section 2.6. In no event shall the failure of Merchandise Revenues or Sales Revenues to equal or exceed certain revenue targets set forth in Section 4 and this Section 10.2 be deemed a material breach of the Agreement by either AOL or FLOWERS.

10.3 EFFECT OF TERMINATION. In the event of termination by FLOWERS

based on a material breach of the Agreement by AOL during any Year (as defined in Section 4), FLOWERS shall not be required to pay AOL the amounts otherwise due to AOL pursuant to Section 4.1 for such Year. For example, if FLOWERS terminates the Agreement in Year 1 on April 15, 1998, FLOWERS shall not be obligated to pay AOL the [****] required by Section 4.1.1, nor any fees except those earned as of the date of termination. In the event of termination by AOL based on a material breach of the Agreement by FLOWERS during any Year (as defined in Section 4), FLOWERS shall pay AOL within thirty (30) days of the date of termination all amounts otherwise due to AOL pursuant to Section 4.1 for such Year. For example, if AOL terminates the Agreement in Year 1 on May 15, 1998, FLOWERS shall pay AOL by June 15, 1998, the [****] required by Section 4.1.1 (otherwise due to AOL on June 30, 1998). Notwithstanding the foregoing, each Party shall be entitled upon termination due to breach of the Agreement by the other Party to seek all additional remedies for such breach which the Party may possess at law or in equity.

11. GENERAL PROVISIONS.

11.1 EXCUSE. Neither Party shall be liable for, or be considered in breach of or default under this Agreement on account of, any delay or failure to perform as required

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by this Agreement as a result of any causes or conditions which are beyond such Party's reasonable control and which such Party is unable to overcome by the exercise of reasonable diligence; provided: (i) the delayed Party gives the other Party written notice of such cause or condition promptly and (ii) uses its reasonable best efforts to promptly correct such failure or delay. For purposes of this provision, a delay or non-performance shall not be deemed beyond the reasonable control of the Party affected if such delay or non-performance would not have occurred had the affected Party been performing in accordance with the provisions of the Agreement.

11.2 INDEPENDENT CONTRACTORS. The Parties to this Agreement are independent contractors. Neither Party is an agent, representative, or partner of the other Party. Neither Party shall have any right, power or authority to enter into any agreement for or on behalf of, or incur any obligation or

liability of, or to otherwise bind, the other Party. This Agreement shall not be interpreted or construed to create an association, agency, joint venture or partnership between the Parties or to impose any liability attributable to such a relationship upon either Party.

11.3 NOTICE. Any notice, approval, request, authorization, direction or other communication under this Agreement shall be given in writing and shall be deemed to have been delivered and given for all purposes (i) on the delivery date if delivered by electronic mail on the AOL Network; (ii) on the delivery date if delivered personally to the Party to whom the same is directed; (iii) one business day after deposit with a commercial overnight carrier, with written verification of receipt, or (iv) five business days after the mailing date, whether or not actually received, if sent by U.S. mail, return receipt requested, postage and charges prepaid, or any other means of rapid mail delivery for which a receipt is available, to the address of the Party to whom the same is directed as such addresses are set forth in the introduction to this Agreement.

AMERICA ONLINE
Attn: Wendy L. Brown

With copies to:
Senior Vice President, Business Affairs and
Vice President and General Counsel
America Online, Inc.
22000 AOL Way
Dulles, VA 20166

FLOWERS
Attn: Christopher G. McCann
Copy to: Donna Iucolano

With copy to:
Gerard M. Gallagher
Gallagher, Walker & Bianco
98 Willis Avenue
Mineola, NY 11501

11.4 NO WAIVER. The failure of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such

provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

11.5 RETURN OF INFORMATION. Upon the expiration or termination of this Agreement, each Party shall, upon the other Party's written request, either return or destroy (at the option of the Party receiving the request) all Confidential Information,

documents, manuals and other materials specified by the other Party.

11.6 SURVIVAL. Sections 4, 6, 7, 8, 10.3 and 11.5 shall survive the completion, expiration, termination or cancellation of this Agreement.

11.7 ENTIRE AGREEMENT. This Agreement sets forth the entire agreement, and supersedes any and all prior agreements of the Parties with respect to the transactions set forth herein. Neither Party shall be bound by, and each Party specifically objects to, any term, condition or other provision which is different from or in addition to the provisions of this Agreement (whether or not it would materially alter this Agreement) and which is proffered by the other Party in any correspondence or other document, unless the Party to be bound thereby specifically agrees to such provision in writing. Notwithstanding the foregoing, FLOWERS shall also be bound by the Terms of Service except as such Terms of Service are specifically amended by this Agreement.

11.8 EXPIRATION OF OLD AGREEMENT. Upon the Effective Date, the Information Provider Agreement dated August 16, 1994, between the Parties (and any amendments thereto) (the "Old Agreement") shall be deemed to be terminated and of no further force and effect, except (a) as expressly set forth in Section 4.5 of this Agreement or (b) to the extent the Old Agreement contains any confidentiality provision. Except as provided for in this Section 11.8, no outstanding obligations or liabilities of either Party under the Old Agreement shall survive termination of the Old Agreement.

11.9 AMENDMENT. No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written instrument signed on behalf of each Party hereto, and in the case of AOL, by a senior vice president.

11.10 FURTHER ASSURANCES. Each Party shall take such action (including, but not limited to, the execution, acknowledgment and delivery of documents) as may reasonably be requested by any other Party for the implementation or continuing performance of this Agreement.

11.11 RESERVATION OF REMEDIES. Except where otherwise expressly specified, the rights and remedies granted to a Party under this Agreement are cumulative and in addition to, and not in lieu of, any other rights or remedies which the Party may possess at law or in equity; provided that, in connection with any dispute hereunder, neither Party shall be entitled to offset any amounts that such Party

claims to be due and payable from the other Party against amounts otherwise payable by the claiming Party to the other Party.

11.12 HEADINGS. The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

11.13 ASSIGNMENT. Except for assignment, transfer or delegation by either Party to an affiliate or successor by way of merger, consolidation or sale of all or substantially all of such Party's outstanding voting securities or assets, neither Party shall assign (voluntarily, by operation of law or otherwise) this Agreement or any right, interest or benefit under this Agreement without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties hereto and their respective successors and assigns.

11.14 CONSTRUCTION. In the event that any provision of this Agreement conflicts with the law under which this Agreement is to be construed or if any such provision is held invalid by a court with jurisdiction over the Parties to this Agreement, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law, and the remainder of this Agreement shall remain in full force and effect.

11.15 APPLICABLE LAW; JURISDICTION. This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the Commonwealth of Virginia except for its conflicts of laws principles.

11.16 COUNTERPARTS. This Agreement may be executed in facsimile counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

AMERICA ONLINE, INC.	800 FLOWERS, INC.
By: /s/ David M. Colburn	By: /s/ Christopher McCann
Print Name: David M. Colburn	Print Name: Christopher McCann

Title:	Senior Vice President	Title:	Vice President
Date:	7/1/97	Date:	7/1/97

EXHIBIT A

DEFINITIONS. The following definitions shall apply to this Agreement:

1.1 AFFILIATE. Any agent, distributor, or franchisee of AOL, or an entity in which AOL holds at least a [****] equity interest.

1.2 AOL LOOK AND FEEL. The elements of graphics, design, organization, presentation, layout, user interface, navigation and stylistic convention (including the digital implementations thereof) which are generally associated with online areas within the AOL Service.

1.3 AOL MEMBER(S). Authorized users of the AOL Network, including any sub-accounts using the AOL Network under an authorized master account.

1.4 AOL NETWORK. The AOL Service and any other information, communication, transaction or other related service owned, operated, distributed or authorized to be distributed by or through AOL or its Affiliates throughout the world through which AOL elects to offer the Online Area (including, without limitation, any CD-ROM merchandising products which may be distributed by AOL).

1.5 AOL SERVICE. The U.S. version of the America Online(R) brand service (excluding Digital City, AOL.com, NetFind and any similar "sub" service that may be distributed by or through the America Online(R) brand service) (so long as any such additional "sub" services do not have a material adverse impact on FLOWERS).

1.6 CONFIDENTIAL INFORMATION. Any information relating to or disclosed in the course of the Agreement, which is or should be reasonably understood to be confidential or proprietary to the disclosing Party, including, but not limited to, the material terms of this Agreement, information about AOL Members and FLOWERS customers, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans,

projections, and marketing data. "Confidential Information" shall not include information (a) already lawfully known to or independently developed by the receiving Party, (b) disclosed in published materials, (c) generally known to the public, or (d) lawfully obtained from any third party.

1.7 CONTENT. Information, materials, features, Products, advertisements, promotions, links, pointers and software, including any modifications, upgrades, updates, enhancements and related documentation.

1.8 LICENSED CONTENT. All content, services and Products offered through the Online Area pursuant to this Agreement, including any modifications, upgrades, updates, enhancements, and related documentation.

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1.9 NEW MEMBER. Any person or entity (a) who registers for the AOL Network using FLOWERS's special promotion identifier and (b) from whom AOL or an Affiliate of AOL collects at least three monthly usage fees for the use of the AOL Network.

1.10 ONLINE AREA. The specific area within the AOL Network where FLOWERS can market and complete transactions regarding FLOWERS's Products, as more fully described in Section 2. The Online Area shall be developed, managed and marketed by FLOWERS pursuant to this Agreement, including, but not limited to [****].

1.11 OVERHEAD ACCOUNTS. Accounts of AOL Members for which AOL does not require payment of standard AOL subscription and usage charges.

1.12 PRODUCTS. Any product, good or service which FLOWERS offers, sells or licenses to AOL Members through the Online Area.

1.13 SALES REVENUES. Aggregate amounts paid by AOL Members in connection with the sale, licensing, distribution or provision of any Products, including, in each case, handling, shipping, Service Charges, and excluding, in each case, (a) amounts collected for sales or use taxes or duties, (b) credit card processing fees to the extent charged and/or collected by the credit card issuer and (c) credits and chargebacks for returned or cancelled goods or services, but not excluding

cost of goods sold or any similar cost.

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EXHIBIT B

PROMOTIONAL PLAN

AOL shall provide online promotion for the Online Area totaling at least [****] impressions per year using a combination of the following promotional vehicles (and any other agreed upon promotional vehicles or methods); provided that AOL shall not be obligated to provide in excess of [****] impressions in any year.

- Banner advertising in Holiday/Theme Areas (including Thanksgiving, Christmas/Hanukkah, Valentine's Day, Easter, Mother's Day, New Year's and Secretaries Day) - total of [****] annual impressions
- 1 Sports Channel Pop-up ([****] impressions each) in February (Valentine's) and May (Mother's Day)
- 1 Personal Finance Channel Pop-up ([****] impressions each) in February (Valentine's) and May (Mother's Day)
- [****] total days of Shopping Channel "Deal of the Day" Pop-ups during the months of November (Thanksgiving), December (Winter Holidays), February (Valentine's) and May (Mother's Day).
- Banner advertising in Sports Channel - [****] annual impressions
- Banner advertising in Personal Finance Channel - [****] annual impressions
- Banner advertising in News Area - [****] annual impressions
- Banner advertising in Women's Channel - [****] annual impressions
- Banner advertising in Family Channel - [****] annual impressions
- Banner advertising in Lifestyles Channel - [****] annual impressions
- Banner advertising in Interests Channel - [****] annual impressions

- Banner advertising in Romance Channel - [****] annual impressions

- E-Mail banner advertising - [****] annual impressions u Gift Reminder Impressions ([****]/month).

- Shopping Channel Newsletter Impressions ([****]/month)

- Welcome Screen ([****] hours/year) (approximately [****] during floral holiday periods)

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EXHIBIT C

AOL SERVICES

1. TECHNOLOGY ENHANCEMENT.

The Parties will schedule a technology meeting promptly following execution hereof to discuss and order priorities regarding operational enhancements to be made according to the time, manner and payment terms agreed upon by the Parties. [****]

2. ADDITIONAL PRODUCTION: TRAINING, SUPPORT AND REPORTING.

2.1 PRODUCTION WORK. In the event that FLOWERS requests AOL's production assistance (including the enhancements set forth in Section 1 of this Exhibit C) in connection with (i) ongoing programming and maintenance related to the Online Area, (ii) a redesign of or addition to the Online Area (e.g., a change to an existing screen format or construction of a new custom form), (iii) production to modify work performed by a third-party provider or (iv) any other type of production work, FLOWERS shall work with AOL to develop a detailed production plan for the requested production assistance (the "Production Plan"). Following receipt of the final Production Plan, AOL shall notify FLOWERS of (i) AOL's availability to perform the requested production work, (ii) the proposed fee or fee structure for the requested production and maintenance work and (iii) the estimated development schedule for such work. To the extent the Parties reach agreement regarding implementation of an agreed-upon Production Plan, such agreement shall be reflected in a separate work order signed by the Parties. To the extent FLOWERS elects to retain a

third-party provider to perform any such production work, work produced by such third-party provider must generally

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conform to AOL's production Standards & Practices (a copy of which will be supplied by AOL to FLOWERS upon request). The specific production resources which AOL allocates to any production work to be performed on behalf of FLOWERS shall be as determined by AOL in its sole discretion.

2.2 TRAINING. AOL shall make available to FLOWERS standard AOL training programs related to FLOWERS's management and maintenance of the Online Area (including, without limitation, the technical production classes for AOL publishing tools described below). In addition, FLOWERS will pay its own travel and lodging costs associated with its participation in any AOL training programs (including AOL's reasonable travel and lodging costs when training is conducted at the FLOWERS's offices).

2.3 PUBLISHING TOOLS. AOL grants FLOWERS a non-exclusive, royalty-free license during the term of the Agreement to use publishing tools, which are then made generally available by AOL to its interactive content providers, solely to be used in connection with FLOWERS's construction and maintenance of its Online Area. FLOWERS recognizes that (i) AOL provides all such publishing tools on an "as is" basis, without warranties of any kind and (ii) AOL may withdraw or modify its publishing tools at any time. FLOWERS shall be required to complete AOL's then-standard technical production training classes prior to receiving access to the AOL publishing tools.

3. OTHER PROVISIONS RELATED TO THE DELIVERY OF SERVICES.

3.1 COOPERATION. FLOWERS shall cooperate with AOL by, among other things, making available, as reasonably requested by AOL, management decisions, responsive information and approvals to enable AOL to provide the services described above. In return, AOL shall cooperate with FLOWERS by, among other things, making available, as reasonably necessary depending on the particular services to be provided by AOL, management decisions, responsive information and approvals in connection with such services.

3.2 INTELLECTUAL PROPERTY. AOL will not, by virtue of the performance of any of the services described herein, transfer, assign, forfeit or otherwise relinquish any intellectual property rights it may possess. FLOWERS will not, by virtue of the performance of any of the services described herein, transfer, assign, forfeit or otherwise relinquish its intellectual property rights in any Licensed Content or any other intellectual or other proprietary rights it may possess.

EXHIBIT D

NEW MEMBER ACQUISITION

FLOWERS's New Member acquisition responsibilities shall include the following:

- Promotion of AOL via retail displays containing AOL software in all company and participating franchise stores. Extension of such an offer to be made to BloomNet florists as well as 24,000 AFS shops throughout the U.S. (compensation to be paid by FLOWERS from the bounty payment it receives from AOL).

- Placement of AOL software in every Fresh Kit that accompanies floral orders and insertion of reply cards (or other promotional material) in mailings as appropriate; provided that an occasional, unintentional failure to place such software in such kits shall not be deemed a material breach of the Agreement.

- AOL access to customer lists (in a mutually agreeable format) of FLOWERS (and related partners, if allowed pursuant to FLOWERS's contractual arrangements and applicable law) in connection with member acquisition programs.

- Inserting the AOL software in appropriate FLOWERS's direct marketing efforts (AOL to cover all incremental costs associated with bundling (if any) and mailing).

- AOL to pay costs associated with shipment of AOL software to distribution points for the programs.

- AOL to consult with FLOWERS to test promotion of AOL Service subscription offerings with FLOWERS's inbound telemarketing efforts. Nothing herein is intended to obligate FLOWERS to agree to any testing which AOL may suggest.

- FLOWERS to consult with AOL to test inclusion of FLOWERS gift certificates in appropriate AOL Service marketing efforts. Nothing herein is intended to obligate AOL to agree to any testing which FLOWERS may suggest.

EXHIBIT E

CUSTOMER SERVICE REQUIREMENTS

1. Commercially reasonable best efforts to process orders electronically within one hour from receipt (if between 7 A.M. and 7 P.M. EST) and to promptly transmit orders to the receiving supplier.

2. Deliver all merchandise in professional packaging. All packages should arrive undamaged, well packed and neat (barring any shipping disasters).

3. Make available customer service personnel dedicated to the online medium (i.e., people whose primary concern is the online customer's orders) and make at least one customer service representative available from 9:00 p.m. - midnight E.S.T. during the week before each peak holiday period such as Thanksgiving, Christmas/Hanukkah, Valentine's Day, Easter, Mother's Day, New Year's and Secretaries' Week, to answer questions in an "online conference room" set up specifically for the FLOWERS store. Online customers need to be given as much priority as customers coming through any other sales channel.

4. Respond promptly and professionally to questions, comments, complaints and other reasonable requests from Customers regarding the Products, including, at a minimum, best efforts to receive and respond to e-mails within 24 hours of receipt via a computer available to the customer service staff.

5. Provide the customer with an order confirmation within 24 hours of receipt. Order confirmation should include any information such as order status (temporary back order or out-of-stock situations), and expected delivery times.

6. Have the ability to handle volumes in excess of 25% to 50% of your average daily order volumes.

7. Regularly monitor on-line store to minimize/eliminate the promotion of out-of-stock merchandise.

8. Ship the displayed product at the price displayed in the Online Area without substituting.

9. Offer all AOL Members who purchase Products through the Online Area a 100% satisfaction guarantee to all AOL Members, pursuant to which, FLOWERS agrees to replace or refund orders upon the customer's or AOL's request, in accordance with FLOWERS's standard customer service policy.

10. Comply with the following requirements of California disclosure law (if applicable to FLOWERS):

- Before accepting payment or processing debit/credit transactions, FLOWERS must disclose: (a) its return and refund policy; (b) FLOWERS's legal name; and (c) the complete street address of the location where FLOWERS's business is actually conducted.

- The legal name and address information must appear on one of the following screens: (a) the first screen displayed when the Online Area is accessed; (b) the screen on which the goods or services are first offered; (c) the order screen; or (d) a screen where the purchaser inputs payment information (credit card number, etc.).

- The font size of the notice cannot be smaller than that used in the text offering the goods and services.

- The legal name and address must also include a statement "describing how the buyer can receive information at the buyer's e-mail address." FLOWERS must provide requested disclosure information at the purchaser's e-mail address within 5 days of receiving the purchaser's request.

- FLOWERS must maintain on-screen access to all the above information until all orders have been filled or 30-day notices sent.

EXHIBIT F

PERFORMANCE MILESTONES

Milestone	Amount
Entering exclusive negotiations with FLOWERS following April 1, 1997	[****]

Production and development work relating to the Online Area during the period from April 1, 1997 through June 30, 1997	[****]
Fulfillment and operational support	[****]

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(1) This amount represents "Clerk2" development work performed, and to be performed, by AOL as described below. These activities will require approximately [****] labor hours, which valued at [****] equates to [****].

- Order Efficiency Phase I (installed 4/1/97) - included free extended context (increased simultaneous shoppers supported in current configuration), "max qty 1" then "no qty" screen (reduced number of screens for stores geared toward selling quantity = 1 product);

- Seamless Credit Card Billing (installed 5/1/97) - security feature which stores credit card information and does not require re-display; and

- Fast Checkout (to be installed on approximately 6/26/97) - enables quick sell of 1 item at a time (no shopping cart required to purchase more than 1 item).

(2) This amount represents the establishment of a single point of contact within AOL Operations for any FLOWERS file transfer concerns (available 24/7 via pager), which resulted in incremental hours spent to support FLOWERS by the single contact as well as other operations staff (managers and staff who consult and assist the single contact). These activities required [****] labor hours, which valued at [****] equates to [****].

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

EXHIBIT G

EXCLUDED ENTITIES

[****]

These entities also include any of their affiliates whose primary business is the sale of the Exclusive Products. During the first two (2) years following execution hereof, FLOWERS can replace any of the above bullet points with another entity whose primary business is the sale of the Exclusive Products.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

Exhibit 10.6

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION, PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED.

EXECUTION COPY

CONFIDENTIAL
INTERACTIVE MARKETING AGREEMENT

This Interactive Marketing Agreement (the "Agreement"), dated as of January 1, 1998 (the "Effective Date"), is between America Online, Inc. ("AOL"), a Delaware corporation, with offices at 22000 AOL Way, Dulles, Virginia 20166, and 800-Flowers, Inc. ("1-800-Flowers"), a New York corporation, with its principal offices at 1600 Stewart Avenue, Westbury, New York 11590. AOL and 1-800-Flowers may be referred to individually as a "Party" and collectively as "Parties."

INTRODUCTION

AOL and 1-800-Flowers are parties to the Interactive Marketing Agreement, dated May 1, 1997 (the "Existing Agreement"), whereby AOL promotes and distributes an interactive site referred to in the Existing Agreement as the Online Area. AOL and 1-800-Flowers each desires to enter into a separate interactive marketing relationship whereby AOL will promote and distribute an interactive site referred to (and further defined) herein as the Affiliated 1-800-Flowers Site. This relationship is further described below and is subject to the terms and conditions set forth in this Agreement. Defined terms used but not defined in the body of the Agreement will be as defined on Exhibit B attached hereto.

TERMS

1. PROMOTION, DISTRIBUTION AND MARKETING.

1.1. AOL PROMOTION OF AFFILIATED 1-800-FLOWERS SITE. AOL will provide 1-800-Flowers with the promotions on AOL.com for the Affiliated 1-800-Flowers Site which are described on Exhibit A (the "Promotions"). AOL reserves the right to redesign or modify the organization, structure, "look and feel," navigation and other elements of the AOL Network at any time. In the event such modifications materially and adversely affect any specific Promotion, AOL will work with 1-800-Flowers to provide 1-800-Flowers, as its sole remedy, a comparable promotional placement (i.e., placement which is no less valuable than the Promotion being replaced).

1.2. IMPRESSIONS. With respect to any Impressions targets specified on Exhibit A, AOL will not be obligated to provide in excess of any of such target amounts in any year. Any shortfall in Impressions at the end of a year will not be deemed a breach of the Agreement by AOL; such shortfall will be added to the Impressions target for the subsequent year. In the event there is a shortfall in Impressions as of the end of the Term (a "Final Shortfall"), AOL will provide 1-800-Flowers, as its sole remedy, with advertising placements through "run of service" advertising on the AOL Network which have a total value, based on an advertising rate of [****] per thousand Impressions, equal to the value of the Final Shortfall (determined by multiplying the percentage of Impressions that

were not delivered by the total, guaranteed payment provided for below).

1.3. CONTENT OF PROMOTIONS. The Promotions will link only to the Affiliated 1-800-Flowers Site and will promote only those Products 1-800-Flowers is allowed to sell pursuant to Section 2.1. The specific 1-800-Flowers Content to be contained within the Promotions (including, without limitation, advertising banners and contextual promotions) (the "Promo Content") will be determined by 1-800-Flowers, subject to AOL's technical limitations, the terms of this Agreement and AOL's then-applicable policies relating to advertising and promotions. 1-800-Flowers will consistently update the Promo Content on no less than twice per week, and the Parties will jointly consult regarding the Promo Content to ensure that it is designed to maximize performance. Except to the extent expressly described herein (e.g., the placements described in Exhibit A), the specific form, placement,

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duration and nature of the Promotions will be as determined by AOL in its reasonable editorial discretion (consistent with the editorial composition of the applicable screens).

2. AFFILIATED FLOWERS SITE.

2.1. CONTENT. In the event that 1-800-Flowers wishes to offer any categories or types of Content or Products in addition to those categories or types specifically allowed pursuant to the Existing Agreement (the "Additional Content"), 1-800-Flowers will notify AOL in writing. 1-800-Flowers' right to offer any such Additional Content will be subject to AOL's prior written approval, which shall not be unreasonably withheld.. In addition, 1-800-Flowers acknowledges and agrees that (a) its ability to sell or promote [****] products [****] may be limited by AOL's arrangements with third-party [****] product retailers and (b) in the event 1-800-Flowers desires to create an area or sub-area related to [****] within the Affiliated 1-800-Flowers Site that is promoted hereunder by AOL, 1-800-Flowers will not be entitled to do so until the Parties have mutually agreed in writing upon the terms and conditions relating to such area. All sales of Products through the Affiliated 1-800-Flowers Site will be conducted through a direct sales format; 1-800-Flowers will not promote, sell, offer or otherwise distribute any products through any format other than a direct sales format [****] without the prior written consent of AOL. 1-800-Flowers will review, delete, edit, create, update and otherwise manage all Content available on or through the Affiliated 1-800-Flowers Site in accordance with the terms of this Agreement. 1-800-Flowers will ensure that the Affiliated 1-800-Flowers Site does not in any respect promote, advertise, market or distribute the products, services or content of any other Interactive Service.

2.2. PRODUCTION WORK. Except as agreed to in writing by the Parties pursuant to the "Production Work" section of the Standard Legal Terms & Conditions attached hereto as Exhibit F, 1-800-Flowers will be responsible for all production work associated with the Affiliated 1-800-Flowers Site, including all related costs and expenses.

2.3. HOSTING; COMMUNICATIONS. 1-800-Flowers will be responsible for all communications, hosting and connectivity costs and

expenses associated with the Affiliated 1-800-Flowers Site. In addition, 1-800-Flowers will provide all computer, telephone and other equipment or resources necessary for 1-800-Flowers to access the AOL Network. In the event that 1-800-Flowers elects to create a mirrored version of the Affiliated 1-800-Flowers Site in order to comply with the terms of this Agreement, 1-800-Flowers will bear responsibility for the implementation, management and cost of such mirrored site. 1-800-Flowers will utilize a dedicated high speed connection to maintain quick and reliable transport of information to and from the 1-800-Flowers data center and AOL's designated data center.

2.4. TECHNOLOGY. 1-800-Flowers will take all reasonable steps necessary to conform its promotion and sale of Products through the Affiliated 1-800-Flowers Site to the then-existing technologies identified by AOL which are optimized for the AOL Service. AOL will be entitled to require reasonable changes to the Content (including, without limitation, the features or functionality) within any linked pages of the Affiliated 1-800-Flowers Site to the extent such Content will, in AOL's good faith judgment, adversely affect any operational aspect of the AOL Network. AOL reserves the right to review and test the Affiliated 1-800-Flowers Site from time to time to determine whether the site is compatible with AOL's then-available client and host software and the AOL Network.

2.5. PRODUCT OFFERING. Subject to Section 2.1, 1-800-Flowers will use all commercially reasonable efforts to ensure that the Affiliated 1-800-Flowers Site includes substantially

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all of the Products including any features, offers or contests that are then made available by or on behalf of 1-800-Flowers through any Additional 1-800-Flowers Channel; provided, however, that (a) such inclusion will not be required where it is commercially or technically impractical to either Party (i.e., inclusion would cause either Party to incur substantial incremental costs) or where it is prohibited as of the Effective Date by a then-existing written agreement; (b) the specific changes in scope, nature and/or offerings required by such inclusion will be subject to AOL's review and approval and the terms of this Agreement; and (c) in the event a third party promotes, markets or distributes its products or Content through a 1-800-Flowers Additional Channel, 1-800-Flowers will offer AOL a substantially similar opportunity.

2.6. [****] AND TERMS; [****] 1-800-Flowers will ensure that the [****] for Products in the Affiliated 1-800-Flowers Site do [****] the [****] for the Products or substantially similar Products offered by or on behalf of 1-800-Flowers through any Additional 1-800-Flowers Channel. For purposes of judging 1-800-Flowers' compliance with the foregoing, to the extent 1-800-Flowers charges any shipping, handling or similar charges or any processing, service or similar charges (collectively, the "Service Charges"), the Service Charges will not be considered as part of the prices for the Products in the Affiliated 1-800-Flowers Site; provided, however, that 1-800-Flowers must comply with Section 1.7 of the Existing Agreement.

2.7. SPECIAL OFFERS. 1-800-Flowers will, on a reasonably periodic basis, promote through the Affiliated 1-800-Flowers Site special offers exclusively available to AOL Members and/or AOL

Users (the "Special Offers"). 1-800-Flowers will provide AOL with reasonable prior notice of Special Offers so that AOL can market the availability of such Special Offers in the manner AOL deems appropriate in its editorial discretion, subject to the terms and conditions hereof. 1-800-Flowers will ensure that the Special Offers are [****] made available by or on behalf of 1-800-Flowers through any Additional 1-800-Flowers Channel during the same time the Special Offers are made available; provided that the foregoing shall not apply to a Special Offer to the extent that 1-800-Flowers cannot make such offer available in the event such offer requires certain support technology from AOL which AOL cannot, or elects not to, provide.

2.8. OPERATING STANDARDS. 1-800-Flowers will ensure that the Affiliated 1-800-Flowers Site complies at all times with the standards set forth in Sections 2.5, 2.6 and 2.7 of the Existing Agreement and with Exhibit D hereto.

2.9. ADVERTISING SALES. Neither Party will sell promotions, advertisements, links, pointers or similar services or rights through the Affiliated 1-800-Flowers Site unless and until the Parties have mutually agreed upon a written advertising program whereby the Parties coordinate to establish advertising inventory space and share mutually agreed revenues generated from such advertising sales.

2.10. TRAFFIC FLOW. 1-800-Flowers will take reasonable efforts to ensure that AOL traffic is either kept within the Affiliated 1-800-Flowers Site or channeled back into the AOL Network (with the exception of advertising links sold and implemented pursuant to the Agreement). The Parties will work together on implementing mutually acceptable links from the Affiliated 1-800-Flowers Site back to the AOL Service.

3. AOL EXCLUSIVITY OBLIGATIONS. 1-800-Flowers will be the exclusive provider of fresh-cut flowers and Gift Plants on AOL.com (the "AOL.com Exclusive Products"), as follows: AOL will not (i) promote, market or advertise within AOL.com any entity (other than 1-800-Flowers) that provides "AOL.com Exclusive Products," including but not limited to any entity listed on Exhibit C (each entity so listed, a "1-800-Flowers Competitor") and (ii) will not allow any provider of the AOL.com Exclusive Products, including but not limited to any 1-800-Flowers Competitor, to sell, or offer to sell the AOL.com Exclusive Products within AOL.com; [****].

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4. PAYMENTS.

4.1. GUARANTEED PAYMENTS. During the Term of this Agreement, 1-800-Flowers will pay AOL a total guaranteed amount of US$1,500,000, as follows: during the first eighteen (18) months of the Term and during each of the two (2) twelve-month periods thereafter (each of the foregoing three periods, a "Payment Period"), 1-800-Flowers will pay AOL $500,000 as follows: (i) 1-800-Flowers will pay AOL an amount equal to [****] of all Transaction Revenues in each quarter of each Payment Period (such amount, an "AOL.com Revenue Share"), payable within thirty (30) days of the end of such quarter; and (ii) as of the end of such Payment Period, if the cumulative AOL.com Revenue Share during such Payment Period pursuant to clause (i) does not equal or exceed $500,000,

1-800-Flowers will pay AOL the shortfall within thirty (30) days of the end of such Payment Period.

4.2. ALTERNATIVE REVENUE STREAMS. In the event 1-800-Flowers or any of its affiliates (a) receives or desires to receive, directly or indirectly, any compensation in connection with the Affiliated 1-800-Flowers Site other than Transaction Revenues [****] (an "Alternative Revenue Stream"), 1-800-Flowers will promptly inform AOL in writing, and the Parties will negotiate in good faith regarding whether 1-800-Flowers will be allowed to market Products producing such Alternative Revenue Stream through the Affiliated 1-800-Flowers Site, and if so, the equitable portion of revenues from such Alternative Revenue Stream (if applicable) that will be shared with AOL. In the event the Parties cannot in good faith reach agreement regarding such Alternative Revenue Stream within ten (10) days of AOL's request to negotiate, either Party will have the right to have such matter submitted to dispute resolution pursuant to Section 6.

4.3. LATE PAYMENTS. All amounts owed hereunder not paid when due and payable will bear interest from the date such amounts are due and payable at [****] in effect at such time.

4.4. AUDITING RIGHTS. 1-800-Flowers shall maintain complete, clear and accurate records of all expenses, revenues and fees in connection with the performance of this Agreement. For the sole purpose of ensuring compliance with this Agreement, AOL shall have the right, at its expense, to direct an independent certified public accounting firm to conduct a reasonable and necessary inspection of portions of the books and records of 1-800-Flowers which are relevant to amounts payable to AOL pursuant to this Agreement. Any such audit may be conducted once per year after twenty (20) business days prior written notice; provided that no such audit shall occur during the months of July or August. Any audit shall be at AOL's sole cost and expense unless a discrepancy of the greater of [****] is found, in which case 1-800-Flowers will pay all reasonable costs and expenses related to the audit, not to exceed [****]. In the event 1-800-Flowers has good faith grounds to question AOL's tracking and reporting of Impressions, 1-800-Flowers will be

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entitled to a report issued by a qualified independent auditor describing AOL's methodologies regarding tracking and reporting of Impressions and certifying AOL's compliance with those methodologies and AOL's compliance with its obligations hereunder. (These reports are currently being provided to AOL for distribution to its partners by the Audit Bureau of Circulations).

4.5. TAXES. 1-800-Flowers will collect and pay and indemnify and hold AOL harmless from, any sales, use, excise, import or export value added or similar tax or duty not based on AOL's net income, including any penalties and interest, as well as any costs associated with the collection or withholding thereof, including attorneys' fees.

4.6. REPORTS. Each Party will each provide the other Party with reports evidencing the reporting Party's compliance with its obligations under the Agreement. All reports will be provided in the form and manner that each Party is obligated to provide

pursuant to Section 4.8 of the Existing Agreement.

5. TERM; RENEWAL; TERMINATION.

5.1. TERM. Unless earlier terminated as set forth herein, the term of this Agreement will commence on the Effective Date and expire on June 30, 2001 (the "Term").

5.2. TERMINATION FOR BREACH. Except as expressly provided elsewhere in this Agreement, either Party may terminate this Agreement at any time in the event of a material breach of the Agreement by the other Party which remains uncured after thirty (30) days written notice thereof to the other Party (or such shorter period as may be specified elsewhere in this Agreement); provided that the cure period with respect to either Party's failure to make any payment to the other Party required hereunder shall be ten (10) days from the date receipt of written notice regarding such payment provided for herein. Notwithstanding the foregoing, in the event of a material breach of a provision that expressly requires action to be completed within an express period shorter than 30 days, either Party may terminate this Agreement if the breach remains uncured for the applicable time period after written notice thereof to the other Party.

5.3. TERMINATION FOR BANKRUPTCY/INSOLVENCY. Either Party may terminate this Agreement immediately following written notice to the other Party if the other Party (i) ceases to do business in the normal course, (ii) becomes or is declared insolvent or bankrupt, (iii) is the subject of any proceeding related to its liquidation or insolvency (whether voluntary or involuntary) which is not dismissed within ninety (90) calendar days or (iv) makes an assignment for the benefit of creditors.

5.4. TERMINATION ON CHANGE OF CONTROL. In the event of a Change of Control of 1-800-Flowers resulting in control of 1-800-Flowers by an Interactive Service, AOL may terminate this Agreement by providing thirty (30) days prior written notice of such intent to terminate.

6. MANAGEMENT COMMITTEE/ARBITRATION. If the Parties are unable to resolve any dispute, controversy or claim arising under this Agreement (excluding any disputes relating to intellectual property rights or confidentiality) (each a "Dispute"), such Dispute shall be submitted to the Management Committee for resolution. If the Management Committee is unable to resolve the Dispute within ten (10) business days after submission to them, the Dispute shall be solely and finally settled by expedited arbitration in New York, New York, under the auspices of the American Arbitration Association; provided that the Federal Rules of Evidence shall apply IN TOTO to any such Dispute and, subject to the arbitrators' discretion to limit the time for and scope of discovery, the Federal Rules of Civil Procedure shall apply with respect to discovery; and

provided further that, consistent with the parties' desire to avoid waste of time and unnecessary expense, any Dispute arising from any provision of the Agreement which expressly provides for the parties to reach mutual agreement as to certain terms therein shall not be submitted to arbitration but shall be resolved in good faith by the Management Committee. The arbitrator may enter a default decision against any Party who fails to participate in the arbitration proceedings. For purposes herein, the "Management Committee" shall mean a committee made up of a senior executive from each of the Parties for the purpose of resolving Disputes under this Section and generally overseeing the relationship between the Parties contemplated by this Agreement.

7. STANDARD TERMS. The Standard Online Commerce Terms & Conditions set forth on Exhibit E attached hereto and Standard Legal Terms & Conditions set forth on Exhibit F attached hereto are each hereby made a part of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

AMERICA ONLINE, INC.	800-FLOWERS, INC.
By: /s/ David M. Colburn	By: /s/ Christopher McCann
Print Name: David M. Colburn	Print Name: Christopher McCann
Title: Senior Vice President	Title: Senior Vice President

EXHIBIT A

PLACEMENT/PROMOTION

<TABLE>
<CAPTION>

PLACEMENT	FLIGHT DATES	IMPRESSIONS(1)
<S> HOLIDAY BLITZ PROGRAM - allocated to run-of-site banner advertising(2)	<C> [****]	<C> [****] PER FLIGHT
SHOPPING CHANNEL ANCHOR TENANT POSITION (STANDARD ANCHOR TENANT PACKAGE, INCLUDES PROMOTIONS AND PLACEMENT FOR 1-800-FLOWERS IN SHOPPING CHANNEL DEPARTMENT)	[****]	
SEARCH RESULTS		
Search Results Pages - [****] of banner ads for following search terms (the "1-800-Flowers Search Terms"): [****]	[****]	

</TABLE>

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(1) The holiday blitz promotional commitments will be deemed fulfilled once the Impression estimates have been reached. Prior to November of each year, in order to avoid imbalanced allocation of 1-800-Flowers' [****] annual Impressions, the Parties will work together to mutually agree upon a media plan that allocates such Impressions among specific holiday periods.

(2) The holiday blitz will include promotion on an AOL.com homepage button during the [****] preceding Valentine's Day and the [****] period preceding Mother's Day and the combined Impressions from such [****] will not exceed [****] without 1-800-Flowers' prior written approval.

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<TABLE>
<CAPTION>

<S>	<C>	<C>
Search Results Pages - [****] rotation on banner ads for following additional search terms during specified flight dates: [****]	[****]	

</TABLE>

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

EXHIBIT B

DEFINITIONS

The following definitions will apply to this Agreement:

ADDITIONAL 1-800-FLOWERS CHANNEL. Any other online or Internet-based distribution channel (e.g., an Interactive Service other than AOL) through which 1-800-Flowers makes available an offering comparable in nature to the Affiliated 1-800-Flowers Site.

AFFILIATED 1-800-FLOWERS SITE. The specific area to be promoted and distributed by AOL hereunder through which 1-800-Flowers can market and complete transactions regarding its Products.

AOL INTERACTIVE SITE. Any Interactive Site which is managed, maintained, owned or controlled by AOL or its agents.

AOL LOOK AND FEEL. The elements of graphics, design, organization, presentation, layout, user interface, navigation and stylistic convention (including the digital implementations thereof) which are generally associated with Interactive Sites within the AOL Service or AOL.com.

AOL MEMBER. Any authorized user of the AOL Network, including any sub-accounts using the AOL Network under an authorized master account.

AOL NETWORK. (i) The AOL Service, (ii) AOL.com and (iii) any other product or

service owned, operated, distributed or authorized to be distributed by or through AOL or its affiliates worldwide through which AOL elects to offer the Affiliated 1-800-Flowers Site (and including those properties excluded from the definitions of the AOL Service or AOL.com).

AOL PURCHASER. Any person or entity who enters the Affiliated 1-800-Flowers Site from the AOL Network including, without limitation, from any third party area therein (to the extent entry from such third party area is traceable through both Parties' commercially reasonable efforts), and generates Transaction Revenues (regardless of whether such person or entity provides an e-mail address during registration which includes a domain other than an "AOL.com" domain).

AOL SERVICE. The narrow-band U.S. version of the America Online(R) brand service, specifically excluding (a) AOL.com or any other AOL Interactive Site, (b) the international versions of the AOL Service (e.g., AOL Japan), (c) "Driveway," "AOL NetFind(TM)," "AOL Instant Messenger(TM)" or any similar product or service offered by or through the U.S. version of the America Online(R) brand service, (d) any programming or content area offered by or through the U.S. version of the America Online(R) brand service over which AOL does not exercise complete or substantially complete operational control (e.g., third-party Content areas, any Interactive Site containing "members.aol.com" as part of its URL and "Digital City(TM)," "WorldPlay(TM)," "Entertainment Asylum(TM)," the "Hub(TM)," or any similar "sub-service"), (e) any yellow pages, white pages, classifieds or other search, directory or review services or Content offered by or through the U.S. version of the America Online(R) brand service and (f) any co-branded or private label branded version of the U.S. version of the America Online(R) brand service, (g) any version of the U.S. version of the America Online(R) brand service distributed through any broadband distribution platform or through any platform or device other than a desktop personal computer and (h) any property, feature, product or service which AOL may acquire subsequent to the Effective Date.

AOL USER. Any user of the AOL Service, AOL.com or the AOL Network.

AOL.COM. AOL's primary Internet-based Interactive Site marketed under the "AOL.COM" brand (or any successor or substitute brand for the "AOL.COM" brand), specifically excluding (a) the AOL Service, (b)

any international versions of AOL.com, (c) "Driveway," "AOL Instant Messenger(TM)" or any similar product or service offered by or through such site or any other AOL Interactive Site, (d) any programming or content area offered by or through such site or any other AOL Interactive Site over which AOL does not exercise complete or substantially complete operational control (e.g., third-party Content areas, any Interactive Site containing "members.aol.com" as part of its URL and "Digital City(TM)," "WorldPlay(TM)," "Entertainment Asylum(TM)," the "Hub(TM)," or any similar "sub-service"), (e) any yellow pages, white pages, classifieds or other search, directory or review services or Content offered by or through such site or any other AOL Interactive Site, (f) any co-branded or private label branded version of such site (other than a version otherwise prohibited by Section 3 hereof, e.g., a version distributed by FTD), (g) any version of such site distributed through any broadband distribution platform or through any platform or device other than a desktop personal computer (other than a platform or device otherwise prohibited by Section 3 hereof, e.g., a platform owned by FTD), (h) any property, feature, product or service which AOL may acquire subsequent to the Effective Date and (i) any version of "AOL NetFind(TM)" distributed through any Interactive Site other than AOL.com.

CHANGE OF CONTROL. (a) The consummation of a reorganization, merger or consolidation or sale or other disposition of substantially all of the assets of a party; or (b) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1933, as amended) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under such Act) of more than 50% of either (i) the then outstanding shares of common stock of such party; or (ii) the combined voting power of the then outstanding voting securities of such party entitled to vote generally in the election of directors.

CONFIDENTIAL INFORMATION. Any information relating to or disclosed in the course of the Agreement, which is or should be reasonably understood to be confidential or proprietary to the disclosing Party, including, but not limited to, the material terms of this Agreement, information about AOL Members, AOL Users, AOL Purchasers and 1-800-Flowers customers, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans, projections, and marketing data. "Confidential Information" will not include information (a) already lawfully known to or independently developed by the receiving Party, (b) disclosed in published materials, (c) generally known to the public, or (d) lawfully obtained from any third party.

CONTENT. Information, materials, features, Products, advertisements, promotions, links, pointers and software, including any modifications, upgrades, updates, enhancements and related documentation.

[****]

IMPRESSION. User exposure to the page containing the applicable promotion or advertisement, as such exposure may be reasonably determined and measured by AOL in accordance with its standard methodologies and protocols.

[****]

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INTERACTIVE SITE. Any interactive site or area, including, by way of example and without limitation, (i) a 1-800-Flowers site on the World Wide Web portion of the Internet or (ii) a channel or area delivered through a "push" product such as the Pointcast Network or interactive environment such as Microsoft's Active Desktop.

LICENSED CONTENT. All Content offered through the Affiliated 1-800-Flowers Site pursuant to this Agreement or otherwise provided to AOL by 1-800-Flowers for related purposes (e.g., Promotions, AOL "slideshows" , etc.), including in each case, any modifications, upgrades, updates, enhancements, and related documentation.

1-800-FLOWERS INTERACTIVE SITE. Any Interactive Site (other than the Affiliated 1-800-Flowers Site) which is managed, maintained, owned or controlled by 1-800-Flowers or its affiliates.

1-800-FLOWERS LOOK AND FEEL. The elements of graphics, design, organization, presentation, layout, user interface, navigation and stylistic convention (including the digital implementations thereof) which are generally associated with Interactive Sites owned, maintained or operated by 1-800-Flowers.

PRODUCT. Any product, good or service which 1-800-Flowers (or others acting on its behalf or as distributors) offers, sells, provides, distributes or licenses to AOL Users directly or indirectly through (i) the Affiliated 1-800-Flowers Site (including through any Interactive Site linked thereto), (ii) any other electronic means directed at AOL Users (e.g., e-mail offers), or (iii) an "offline" means (e.g., toll-free number) for receiving orders related to specific offers within the Affiliated 1-800-Flowers Site requiring purchasers to reference a specific promotional identifier or tracking code, including, without limitation, products sold through surcharged downloads (to the extent expressly permitted hereunder).

TRANSACTION REVENUES. Aggregate amounts paid by AOL Purchasers in connection with the sale, licensing, distribution or provision of any product, good or service which 1-800-Flowers or its agent offers, sells or licenses to AOL Users through the Affiliated 1-800-Flowers Site, including, in each case, handling, shipping, service charges, and excluding, in each case, (a) amounts collected for sales or use taxes or duties, (b) credit card processing fees to the extent

charged and/or collected by the credit card issuer and (c) credits and chargebacks for returned or cancelled goods or services, but not excluding cost of goods sold or any similar cost.

SITE REVENUES. The combination of Transaction Revenues, Advertising Revenues and Additional Revenues.

EXHIBIT C

LIST OF 1-800-FLOWERS COMPETITORS

[****]

These entities also include any of their affiliates whose primary business is the sale of the AOL.com Exclusive Products. During the first two (2) years following execution hereof, FLOWERS can replace any of the above bullet points with another entity whose primary business is the sale of the AOL.com Exclusive Products.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

EXHIBIT D

OPERATING STANDARDS

1. [intentionally omitted].

2. HOSTING; CAPACITY. 1-800-Flowers will provide all computer servers, routers, switches and associated hardware in an amount reasonably necessary to meet anticipated traffic demands, adequate power supply (including generator back-up) and HVAC, adequate insurance, adequate service contracts and all necessary equipment racks, floor space, network cabling and power distribution to support the Affiliated 1-800-Flowers Site.

3. SPEED; ACCESSIBILITY. 1-800-Flowers will ensure that the performance and availability of the Affiliated 1-800-Flowers Site (a) is monitored on a continuous, 24/7 basis and (b) remains competitive in all material respects with the performance and availability of other similar sites based on similar form technology. 1-800-Flowers will use commercially reasonable to ensure that: (a) the functionality and features within the Affiliated 1-800-Flowers Site are optimized for the client software then in use by AOL Users; and (b) the Affiliated 1-800-Flowers Site is designed and populated in a manner that minimizes delays when AOL Users attempt to access such site.

4. USER INTERFACE. 1-800-Flowers will maintain a graphical user interface within the Affiliated 1-800-Flowers Site that is competitive in all material respects with interfaces of other similar sites based on similar form technology. AOL reserves the right to conduct focus group testing to assess compliance herewith.

5. SERVICE LEVEL RESPONSE. 1-800-Flowers agrees to use commercially reasonable efforts to provide the following service levels in response to problems with or improvements to the Affiliated 1-800-Flowers Site:

- For material functions of software that are or have become substantially inoperable, 1-800-Flowers will provide a bug fix or workaround within two (2) business days after the first report of such error.

- For functions of the software that are impaired or otherwise fail to operate in accordance with agreed upon specifications, 1-800-Flowers will provide a bug fix or workaround within three (3) business days after the first report of such error.

- For errors disabling only certain non-essential functions, 1-800-Flowers will provide a bug fix or workaround within sixty (60) days after the first report of such error.

- For all other errors, 1-800-Flowers will address these requests on a case-by-case basis as soon as reasonably feasible.

6. MONITORING. AOL Network Operations Center will work with a 1-800-Flowers-designated technical contact in the event of any performance malfunction or other emergency related to the Affiliated 1-800-Flowers Site and will either assist or work in parallel with Flowers' contact using 1-800-Flowers tools and procedures, as applicable. The Parties will develop a process to monitor performance and member behavior with respect to access, capacity, security and related issues both during normal operations and during special promotions/events.

7. TELECOMMUNICATIONS. The Parties agree to explore encryption methodology to secure data communications between the Parties' data centers. The network between the Parties will be configured such that no single component failure will significantly impact AOL Users. The network will be sized such that no single line runs at more than 70% average utilization for a 5-minute peak in a daily period.

8. SECURITY REVIEW. 1-800-Flowers and AOL will work together to perform an initial security review of, and to perform tests of, the 1-800-Flowers system, network, and service security in order to evaluate the security risks and provide recommendations to 1-800-Flowers, including periodic follow-up reviews as reasonably required by 1-800-Flowers or AOL. 1-800-Flowers will use commercially reasonable best efforts to fix any security risks or breaches of security as may be identified by AOL's Operations Security. Specific services to be performed on behalf of AOL's Operations Security team will be as determined by AOL in its sole discretion.

9. TECHNICAL PERFORMANCE. 1-800-Flowers will perform the following technical obligations (and any reasonable updates thereto from time to time by AOL):

- 1-800-Flowers will design the Affiliated 1-800-Flowers Site to support the Windows version of the Microsoft Internet Explorer 4.0 browser, and make commercially reasonable efforts to support all other AOL browsers listed at: "http://webmaster.info.aol.com/BrowTable.html."

- 1-800-Flowers will configure the server from which it serves the site to examine the HTTP User-Agent field in order to identify the "AOL Member-Agents" listed at: "http://webmaster.info.aol.com/Brow2Text.html."

- 1-800-Flowers will design its site to support HTTP 1.0 or later protocol as defined in RFC 1945 (available at "http://ds.internic.net/rfc/rfc1945.text") and to adhere to AOL's parameters for refreshing cached information listed at "http://webmaster.info.aol.com/CacheText.html."

EXHIBIT E

STANDARD ONLINE COMMERCE TERMS & CONDITIONS

1. AOL NETWORK DISTRIBUTION. 1-800-Flowers will not authorize any third party to distribute or promote the Affiliated 1-800-Flowers Site or any 1-800-Flowers Interactive Site through the AOL Network absent AOL's prior written approval. The Promotions and any other promotion or advertisement purchased from or provided by AOL will link only to the Affiliate 1-800-Flowers Site (or the 1-800-Flowers Interactive Site under the Existing Agreement, as applicable).

2. PROVISION OF OTHER CONTENT. In the event that AOL notifies 1-800-Flowers that (i) as reasonably determined by AOL, any Content within the Affiliated 1-800-Flowers Site violates AOL's then-standard Terms of Service (as set forth on the America Online(R) brand service), the terms of this Agreement or any

other standard, written AOL policy or (ii) AOL reasonably objects to the inclusion of any Content within the Affiliated 1-800-Flowers Site (other than any specific items of Content which may be expressly identified in this Agreement), then 1-800-Flowers will take commercially reasonable steps to block access by AOL Users to such Content using Flowers' then-available technology. In the event that 1-800-Flowers cannot, through its commercially reasonable efforts, block access by AOL Users to the Content in question, then 1-800-Flowers will provide AOL prompt written notice of such fact. AOL may then, at its option, restrict access from the AOL Network to the Content in question using technology available to AOL. 1-800-Flowers will cooperate with AOL's reasonable requests to the extent AOL elects to implement any such access restrictions.

3. CONTESTS. 1-800-Flowers will take all steps necessary to ensure that any contest, sweepstakes or similar promotion conducted or promoted through the Affiliated 1-800-Flowers Site (a "Contest") complies with all applicable federal, state and local laws and regulations.

4. NAVIGATIONAL ICONS. Subject to the prior consent of 1-800-Flowers, which consent will not be unreasonably withheld, AOL will be entitled to establish navigational icons, links and pointers connecting the Affiliated 1-800-Flowers Site (or portions thereof) with other content areas on or outside of the AOL Network.

5. DISCLAIMERS. Upon AOL's request, 1-800-Flowers agrees to include within the Affiliated 1-800-Flowers Site a product disclaimer (the specific form and substance to be mutually agreed upon by the Parties) indicating that transactions are solely between 1-800-Flowers and AOL Users purchasing Products from 1-800-Flowers.

6. LOOK AND FEEL. 1-800-Flowers acknowledges and agrees that AOL will own all right, title and interest in and to the AOL Look and Feel, subject to Flowers' ownership rights in any 1-800-Flowers trademarks or copyrighted material within the Affiliated 1-800-Flowers Site and the 1-800-Flowers Look and Feel. AOL acknowledges and agrees that 1-800-Flowers will own all right, title and interest in and to the 1-800-Flowers Look and Feel and the 1-800-Flowers Affiliated Site, subject to the AOL Look and Feel.

7. MANAGEMENT OF THE AFFILIATED 1-800-FLOWERS SITE. 1-800-Flowers will manage, review, delete, edit, create, update and otherwise manage all Products available on or through the Affiliated 1-800-Flowers Site, in a timely and professional manner and in accordance with the terms of this Agreement. 1-800-Flowers will ensure that each Affiliated 1-800-Flowers Site is current, accurate and well-organized at all times. 1-800-Flowers warrants that the Products and other Content contained therein: (i) will not infringe on or violate any copyright, trademark, U.S. patent or any other third party right, including without limitation, any music performance or other music-related rights; (ii) will not violate AOL's then-applicable Terms of Service; and (iii) will not violate any applicable law or regulation, including those relating to contests, sweepstakes or similar promotions. Additionally, 1-800-Flowers represents and warrants that it owns or has a valid license to all rights to any Licensed Content used in AOL "slideshow" or other formats embodying elements such as graphics, animation and sound, free and clear of all encumbrances and without violating the rights of any other person or entity. 1-800-Flowers also warrants that a reasonable basis exists for all Product performance or comparison claims appearing through the Affiliated 1-800-Flowers Site. AOL will have no obligations with respect to the Products available on or through the Affiliated 1-800-Flowers Site, including, but not limited to, any duty to review or monitor any such Products.

8. DUTY TO INFORM. 1-800-Flowers will promptly inform AOL of any information related to the 1-800-Flowers Service or Affiliated 1-800-Flowers Site which could reasonably lead to a claim, demand, or liability of or against AOL and/or its affiliates by any third party.

9. CUSTOMER SERVICE. It is the sole responsibility of 1-800-Flowers to provide customer service to persons or entities purchasing Products through the AOL Network ("Customers"). 1-800-Flowers will bear full responsibility for all customer service, including without limitation, order

processing, billing, fulfillment, shipment, collection and other customer service associated with any Products offered, sold or licensed through the Affiliated 1-800-Flowers Site, and AOL will have no obligations whatsoever with respect thereto. 1-800-Flowers will receive all emails from Customers via a computer available to Flowers' customer service staff and generally respond to such emails within one business day of receipt. 1-800-Flowers will receive all orders electronically and generally process all orders within one business day of receipt, provided Products ordered are not advance order items. 1-800-Flowers will ensure that all orders of Products are received, processed, fulfilled and delivered on a timely and professional basis. 1-800-Flowers will offer AOL Users who purchase Products through such Affiliated 1-800-Flowers Site a money back satisfaction guarantee. 1-800-Flowers will bear all responsibility for compliance with federal, state and local laws in the event that Products are out of stock or are no longer available at the time an order is received. 1-800-Flowers will also comply with the requirements of any federal, state or local consumer protection or disclosure law. Payment for Products will be collected by 1-800-Flowers directly from customers. Flowers' order fulfillment operation will be subject to AOL's reasonable review.

10. PRODUCTION WORK. In the event that 1-800-Flowers requests AOL's production assistance in connection with (i) ongoing programming and maintenance related to the Affiliated 1-800-Flowers Site, (ii) a redesign of or addition to the Affiliated 1-800-Flowers Site (e.g., a change to an existing screen format or construction of a new custom form), (iii) production to modify work performed by a third party provider or (iv) any other type of production work, 1-800-Flowers will work with AOL to develop a detailed production plan for the requested production assistance (the "Production Plan"). Following receipt of the final Production Plan, AOL will notify 1-800-Flowers of (i) AOL's availability to perform the requested production work, (ii) the proposed fee or fee structure for the requested production and maintenance work and (iii) the estimated development schedule for such work. To the extent the Parties reach agreement regarding implementation of agreed-upon Production Plan, such agreement will be reflected in a separate work order signed by the Parties. To the extent 1-800-Flowers elects to retain a third party provider to perform any such production work, work produced by such third party provider must generally conform to AOL's production Standards & Practices (a copy of which will be supplied by AOL to 1-800-Flowers upon request). The specific production resources which AOL allocates to any production work to be performed on behalf of 1-800-Flowers will be as determined by AOL in its sole discretion.

11. OVERHEAD ACCOUNTS. To the extent AOL has granted 1-800-Flowers any overhead accounts on the AOL Service, 1-800-Flowers will be responsible for the actions taken under or through its overhead accounts, which actions are subject to AOL's applicable Terms of Service and for any surcharges, including, without limitation, all premium charges, transaction charges, and any applicable communication surcharges incurred by any overhead Account issued to 1-800-Flowers, but 1-800-Flowers will not be liable for charges incurred by any overhead account relating to AOL's standard monthly usage fees and standard hourly charges, which charges AOL will bear. Upon the termination of this Agreement, all overhead accounts, related screen names and any associated usage credits or similar rights, will automatically terminate. AOL will have no liability for loss of any data or content related to the proper termination of any overhead account.

12. AOL USER COMMUNICATIONS. To the extent 1-800-Flowers sends any targeted form of communications to AOL Users, 1-800-Flowers will promote the Affiliated 1-800-Flowers Site as the location at which to purchase Products (as compared to any more general or other site or location). In addition, 1-800-Flowers will not send any targeted form of communications that encourages AOL Users to take any action inconsistent with the scope and purpose of this Agreement, including without limitation, the following actions: (a) using Content other than the Licensed Content; (b) bookmarking of Interactive Sites other than the Affiliated 1-800-Flowers Site; (c) using Interactive Sites other than those covered by the revenue-sharing provisions herein; (d) changing the default home page on the AOL browser; or (e) using any Interactive Service other than AOL. This section 12 will not affect 1-800-Flowers' ability to send mailings to its general customer base (e.g., print catalog).

13. MERCHANT CERTIFICATION PROGRAM. 1-800-Flowers will participate in any generally applicable "Certified Merchant" program operated by AOL or its authorized agents or contractors. Such program may require merchant participants on an ongoing basis to meet certain reasonable, generally applicable standards relating to provision of electronic commerce through the AOL Network (including, as a minimum, use of 40-bit SSL encryption and if requested by AOL, 128-bit encryption) and may also require the payment of certain reasonable certification fees to the applicable entity operating the program. Each Certified Merchant in good standing will be entitled to place on its affiliated Interactive Site an AOL designed and approved button promoting the merchant's status as an AOL Certified Merchant.

EXHIBIT F

STANDARD LEGAL TERMS & CONDITIONS

1. PROMOTIONAL MATERIALS/PRESS RELEASES. Each Party will submit to the other Party, for its prior written approval, which will not be unreasonably withheld or delayed, any marketing, advertising, press releases, and all other promotional materials related to the Affiliated 1-800-Flowers Site and/or referencing the other Party and/or its trade names, trademarks, and service marks (the "Materials"); provided, however, that either Party's use of screen shots of the Affiliated 1-800-Flowers Site for promotional purposes will not require the approval of the other Party so long as America Online(R)is clearly identified as the source of such screen shots. Each Party will solicit and reasonably consider the views of the other Party in designing and implementing such Materials. Once approved, the Materials may be used by a Party and its affiliates for the purpose of promoting the Affiliated 1-800-Flowers Site and the content contained therein and reused for such purpose until such approval is withdrawn with reasonable prior notice. In the event such approval is withdrawn, existing inventories of Materials may be depleted. Notwithstanding the foregoing, either Party may issue press releases and other disclosures as required by law or as reasonably advised by legal counsel without the consent of the other Party and in such event, prompt notice thereof will be provided to the other Party.

2. LICENSE. During the Term of this Agreement, 1-800-Flowers hereby grants AOL a non-exclusive worldwide license to market, license, distribute, reproduce, display, perform, transmit and promote the Licensed Content (or any portion thereof) through such areas or features of the AOL Network solely in accordance with the terms and conditions hereof. 1-800-Flowers acknowledges and agrees that the foregoing license permits AOL to distribute portions of the Licensed Content in synchronism or timed relation with visual materials prepared by 1-800-Flowers or by AOL on behalf of 1-800-Flowers solely at Flowers' request (e.g., as part of an AOL "slideshow"). Subject to such license, 1-800-Flowers retains all right, title and interest in the Licensed Content. In addition, AOL Users will have the right to access and use the Affiliated 1-800-Flowers Site.

3. TRADEMARK LICENSE. In designing and implementing the Materials and subject to the other provisions contained herein, 1-800-Flowers will be entitled to use the following trade names, trademarks, and service marks of AOL: the "America Online(R)" brand service, "AOL(TM)" service/software and AOL's triangle logo; and AOL and its affiliates will be entitled to use the following trade names, trademarks, and service marks of 1-800-Flowers (collectively, together with the AOL marks listed above, the "Marks"): 1-800-1-800-Flowers, Gift Concierge Service, World's Favorite Florist, Freshness Care System and Fresh Thoughts; provided that each Party: (i) does not create a unitary composite mark involving a Mark of the other Party without the prior written approval of such other Party; and (ii) displays symbols and notices clearly and sufficiently indicating the trademark status and ownership of the other Party's Marks in accordance with applicable trademark law and practice.

4. OWNERSHIP OF TRADEMARKS. Each Party acknowledges the ownership of the other Party in the Marks of the other Party and agrees that all use of the other Party's Marks will inure to the benefit, and be on behalf, of the other Party. Each Party acknowledges that its utilization of the other Party's Marks will not create in it, nor will it represent it has, any right, title,

or interest in or to such Marks other than the licenses expressly granted herein. Each Party agrees not to do anything contesting or impairing the trademark rights of the other Party, including, without limitation, seeking to register the other Party's Marks as part of a composite mark.

5. QUALITY STANDARDS. Each Party agrees that the nature and quality of its products and services supplied in connection with the other Party's Marks will conform to quality standards set by the other Party. Each Party agrees to supply the other Party, upon request, with a reasonable number of samples of any Materials publicly disseminated by such Party which utilize the other Party's Marks. Each Party will comply with all applicable laws, regulations, and customs and obtain any required government approvals pertaining to use of the other Party's marks.

6. INFRINGEMENT PROCEEDINGS. Each Party agrees to promptly notify the other Party of any unauthorized use of the other Party's Marks of which it has actual knowledge. Each Party will have the sole right and discretion to bring proceedings alleging infringement of its Marks or unfair competition related thereto; provided, however, that each Party agrees to provide the other Party with its reasonable cooperation and assistance with respect to any such infringement proceedings.

7. REPRESENTATIONS AND WARRANTIES. Each Party represents and warrants to the other Party that: (i) such Party has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; (ii) the execution of this Agreement by such Party, and the performance by such Party of its obligations and duties hereunder, do not and will not violate any

agreement to which such Party is a party or by which it is otherwise bound; (iii) when executed and delivered by such Party, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms; and (iv) such Party acknowledges that the other Party makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement.

8. CONFIDENTIALITY. Each Party acknowledges that Confidential Information may be disclosed to the other Party during the course of this Agreement. Each Party agrees that it will take reasonable steps, at least substantially equivalent to the steps it takes to protect its own proprietary information, during the term of this Agreement, and for a period of two years following expiration or termination of this Agreement, to prevent the duplication or disclosure of Confidential Information of the other Party, other than by or to its employees or agents or affiliates who must have access to such Confidential Information to perform such Party's obligations hereunder, who will each agree to comply with this section. Notwithstanding the foregoing, either Party may issue a press release or other disclosure containing Confidential Information without the consent of the other Party, to the extent such disclosure is required by law, rule, regulation or government or court order. In such event, the disclosing Party will provide at least five (5) business days prior written notice of such proposed disclosure to the other Party. Further, in the event such disclosure is required of either Party under the laws, rules or regulations of the Securities and Exchange Commission or any other applicable governing body, such Party will (i) redact mutually agreed-upon portions of this Agreement to the fullest extent permitted under applicable laws, rules and regulations and (ii) submit a request to such governing body that such portions and other provisions of this Agreement receive confidential treatment under the laws, rules and regulations of the Securities and Exchange Commission or otherwise be held in the strictest confidence to the fullest extent permitted under the laws, rules or regulations of any other applicable governing body.

9. LIMITATION OF LIABILITY; DISCLAIMER; INDEMNIFICATION.

9.1. LIABILITY. UNDER NO CIRCUMSTANCES WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES (EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING FROM BREACH OF THE AGREEMENT, THE SALE OF PRODUCTS, THE USE OR

INABILITY TO USE THE AOL NETWORK, THE AOL SERVICE, AOL.COM OR THE AFFILIATED FLOWERS SITE, OR ARISING FROM ANY OTHER PROVISION OF THIS AGREEMENT, SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS ("COLLECTIVELY, "DISCLAIMED DAMAGES"); PROVIDED THAT EACH PARTY WILL REMAIN LIABLE TO THE OTHER PARTY TO THE EXTENT ANY DISCLAIMED DAMAGES ARE CLAIMED BY A THIRD PARTY AND ARE SUBJECT TO INDEMNIFICATION PURSUANT TO SECTION 9.3. EXCEPT AS PROVIDED IN SECTION 9.3, (I) LIABILITY ARISING UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, OBJECTIVELY MEASURABLE DAMAGES, AND (II) NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR MORE THAN THE AGGREGATE AMOUNT OF PAYMENT OBLIGATIONS TO BE PAID TO AOL BY FLOWERS HEREUNDER IN THE YEAR IN WHICH LIABILITY ACCRUES; PROVIDED THAT EACH PARTY WILL REMAIN LIABLE FOR THE AGGREGATE AMOUNT OF ANY PAYMENT OBLIGATIONS OWED TO THE OTHER PARTY PURSUANT TO SECTION 4.

9.2. NO ADDITIONAL WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY, AND EACH PARTY HEREBY SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE AOL NETWORK, THE AOL SERVICE, AOL.COM OR THE AFFILIATED FLOWERS SITE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AOL SPECIFICALLY DISCLAIMS ANY WARRANTY REGARDING THE PROFITABILITY OF THE AFFILIATED FLOWERS SITE.

9.3. INDEMNITY. Either Party will defend, indemnify, save and hold harmless the other Party and the officers, directors, agents, affiliates, distributors, franchisees and employees of the other Party from any and all third party claims, demands, liabilities, costs or expenses, including reasonable attorneys' fees ("Liabilities"), resulting from the indemnifying Party's material breach of any duty, representation, or warranty of this Agreement, except to the extent Liabilities result from the negligence or misconduct of the other Party or material breach of any duty, representation or warranty by the other Party.

9.4. CLAIMS. Each Party agrees to (i) promptly notify the other Party in writing of any indemnifiable claim and give the other Party the opportunity to defend or negotiate a settlement of any such claim at such other Party's expense, and (ii) cooperate fully with the other Party, at that other Party's expense, in defending or settling such claim. Each Party reserves the right, at its own expense, to assume the exclusive defense and control of any matter otherwise

subject to indemnification by the other Partyhereunder, and in such event, such other Party will have no further obligation to provide indemnification for such matter hereunder.

9.5. ACKNOWLEDGMENT. AOL and 1-800-Flowers each acknowledges that the provisions of this Agreement were negotiated to reflect an informed, voluntary allocation between them of all risks (both known and unknown) associated with the transactions contemplated hereunder. The limitations and disclaimers related to warranties and liability contained in this Agreement are intended to limit the circumstances and extent of liability. The provisions of this Section 9 will be enforceable independent of and severable from any other enforceable or unenforceable provision of this Agreement.

10. SOLICITATION OF AOL USERS. During the term of this Agreement, and for the one-year period following the expiration or termination of this Agreement, neither 1-800-Flowers nor its agents (acting at 1-800-Flowers direction) will use the AOL Network to (i) solicit, or participate in the solicitation of AOL Users when that solicitation is for the benefit of any AOL Competitor (as defined in the Existing Agreement) or (ii) promote any services which could reasonably be construed to be in competition with AOL in its business or providing Internet or online services. In addition, 1-800-Flowers may not send AOL Users e-mail communications promoting Flowers' Products through the AOL Network without a "Prior Business Relationship." For purposes of this Agreement, a "Prior Business Relationship" will mean that the AOL User has either (i) engaged in a transaction with 1-800-Flowers through the AOL Network or (ii) voluntarily provided information to 1-800-Flowers through a contest, registration, or other communication, which included notice to the AOL User that the information provided by the AOL User

could result in an e-mail being sent to that AOL User by 1-800-Flowers or its agents. A Prior Business Relationship does not exist by virtue of an AOL User's visit to an Affiliated 1-800-Flowers Site (absent the elements above). More generally, 1-800-Flowers will be subject to any standard policies regarding e-mail distribution through the AOL Network which AOL may implement.

11. COLLECTION OF USER INFORMATION. 1-800-Flowers is prohibited from collecting AOL Member screennames or AOL User email addresses from public or private areas of the AOL Network, except as specifically provided below. 1-800-Flowers will ensure that any survey, questionnaire or other means of collecting AOL Member screennames or AOL User email addresses, names, addresses or other identifying information ("User Information"), including, without limitation, requests directed to specific AOL Member screennames or AOL User email addresses and automated methods of collecting such information (an "Information Request") complies with (i) all applicable laws and regulations and (ii) any privacy policies which have been issued by AOL in writing during the Term (the "AOL Privacy Policies"). Each Information Request will clearly and conspicuously specify to the AOL Users at issue the purpose for which User Information collected through the Information Request will be used (the "Specified Purpose").

12. USE OF USER INFORMATION. 1-800-Flowers will restrict use of the User Information collected through an Information Request to the Specified Purpose. In no event will 1-800-Flowers (i) provide User Information (excluding any such information (e.g., name) that was received by 1-800-Flowers from an AOL User via another 1-800-Flowers sales channel and was not overlaid against or otherwise derived from other information received from such user via the AOL Service or AOL.com) to any third party (except to the extent specifically (a) permitted under the AOL Privacy Policies or (b) authorized by the members in question), (ii) rent, sell or barter User Information, (iii) identify, promote or otherwise disclose such User Information in a manner that identifies AOL Users as end-users of the AOL Service, AOL.com or the AOL Network or (iv) otherwise use any User Information in contravention of Section 10 above. Notwithstanding the foregoing, in the case of AOL Members who purchase Products from 1-800-Flowers, 1-800-Flowers will be entitled to use User Information from such AOL Members as part of 1-800-Flowers's aggregate list of Customers; provided that 1-800-Flowers's use does not in any way identify, promote or otherwise disclose such User Information in a manner that identifies such AOL Members as end-users of the AOL Service, AOL.com or the AOL Network.

13. EXCUSE. Neither Party will be liable for, or be considered in breach of or default under this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of any causes or conditions which are beyond such Party's reasonable control and which such Party is unable to overcome by the exercise of reasonable diligence, provided: (i) the delayed Party gives the other Party written notice of such cause or condition promptly and (ii) uses its reasonable best efforts to promptly correct such failure or delay. For purposes of this provision, a delay or non-performance shall not be deemed beyond the reasonable control of the Party affected if such delay or non-performance would not have occurred had the affected Party been performing in accordance with the provisions of the Agreement.

14. INDEPENDENT CONTRACTORS. The Parties to this Agreement are independent contractors. Neither Party is an agent, representative or partner of the other Party. Neither Party will have any right, power or authority to enter into any agreement for or on behalf of, or incur any obligation or liability of, or to otherwise bind, the other Party. This Agreement will not be interpreted or construed to create an

association, agency, joint venture or partnership between the Parties or to impose any liability attributable to such a relationship upon either Party.

15. NOTICE. Any notice, approval, request, authorization, direction or other communication under this Agreement will be given in writing and will be deemed to have been delivered and given for all purposes (i) on the delivery date if delivered by electronic mail on the AOL Network or by facsimile; (ii) on the delivery date if delivered personally to the Party to whom the same is directed; (iii) one business day after deposit with a commercial overnight carrier, with

written verification of receipt, or (iv) five business days after the mailing date, whether or not actually received, if sent by U.S. mail, return receipt requested, postage and charges prepaid, or any other means of rapid mail delivery for which a receipt is available, to the person(s) specified below at the address of the Party set forth in the first paragraph of this Agreement (or otherwise changed on written notice). In the case of AOL, such notice will be provided to both the Senior Vice President for Business Affairs and the Deputy General Counsel.

16. NO WAIVER. The failure of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any right under this Agreement will not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same will be and remain in full force and effect.

17. RETURN OF INFORMATION. Upon the expiration or termination of this Agreement, each Party will, upon the written request of the other Party, return or destroy (at the option of the Party receiving the request) all confidential information, documents, manuals and other materials specified the other Party.

18. SURVIVAL. Sections 4.4 and 6 of the body of the Agreement and Sections 8 through 12 of this Exhibit F, will survive the completion, expiration, termination or cancellation of this Agreement.

19. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement and supersedes any and all prior agreements of the Parties with respect to the transactions set forth herein. Neither Party will be bound by, and each Party specifically objects to, any term, condition or other provision which is different from or in addition to the provisions of this Agreement (whether or not it would materially alter this Agreement) and which is proffered by the other Party in any correspondence or other document, unless the Party to be bound thereby specifically agrees to such provision in writing.

20. AMENDMENT. No change, amendment or modification of any provision of this Agreement will be valid unless set forth in a written instrument signed by the Party subject to enforcement of such amendment, and in the case of AOL, by a senior vice president.

21. FURTHER ASSURANCES. Each Party will take such action (including, but not limited to, the execution, acknowledgment and delivery of documents) as may reasonably be requested by any other Party for the implementation or continuing performance of this Agreement.

22. ASSIGNMENT. Except for assignment, transfer or delegation by either Party to an affiliate or successor by way of merger, consolidation or sale of all or substantially all of such Party's outstanding voting securities or assets, neither Party shall assign (voluntarily, by operation of law or otherwise) this Agreement or any right, interest or benefit under this Agreement without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties hereto and their respective successors and assigns.

23. CONSTRUCTION; SEVERABILITY. In the event that any provision of this Agreement conflicts with the law under which this Agreement is to be construed or if any such provision is held invalid by a court with jurisdiction over the Parties to this Agreement, (i) such provision will be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law, and (ii) the remaining terms, provisions, covenants and restrictions of this Agreement will remain in full force and effect.

24. REMEDIES. Except where otherwise specified, the rights and remedies granted to a Party under this Agreement are cumulative and in addition to, and not in lieu of, any other rights or remedies which the Party may possess at law or in equity; provided that, in connection with any dispute hereunder, neither Party will be entitled to offset any amounts that it claims to be due and payable from the other Party against amounts otherwise payable to such other Party.

25. APPLICABLE LAW; JURISDICTION. This Agreement will be interpreted, construed and enforced in all respects in accordance with the laws of the Commonwealth of Virginia except for its conflicts of laws principles.

26. EXPORT CONTROLS. Both Parties will adhere to all applicable laws, regulations and rules relating to the export of technical data and will not export or re-export any technical data, any products received from the other Party or the direct product of such technical data to any proscribed country listed in such applicable laws, regulations and rules unless properly authorized.

27. HEADINGS. The captions and headings used in this Agreement are inserted for convenience only and will not affect the meaning or interpretation of this Agreement.

28. COUNTERPARTS. This Agreement may be executed in counterparts, each of which will be deemed an original and all of which together will constitute one and the same document

Exhibit 10.7

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION, PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED.

Microsoft Confidential

ECOMMERCE MERCHANT AGREEMENT
FOR The Plaza on MSN

PREAMBLE

The Microsoft Network, L.L.C., a Delaware limited liability company ("MSP"), by and through its manager, Microsoft Corporation ("Microsoft"), agrees with the undersigned ("Merchant") that the Merchant specified in the Schedule will be offered a link mall service to "Merchant Site" as part of The Microsoft Network pursuant to the General Terms and all Exhibits and Riders attached hereto.

SCHEDULE

Merchant Name: 800-Flowers, Inc. doing business as 1-800-FLOWERS.

Entity Type (if incorporated, state place of incorporation): New York

Principal Place of Business (list state if in U.S.A.; list country if outside U.S.A.):

1600 Stewart Avenue
Westbury, NY 11590

Address for Notices:
1600 Stewart Avenue
Westbury, NY 11590

Phone: 516.237.6000

Attention: Donna Iucolano Facsimile Number: 516.237.6009
E-mail Address (REQUIRED): DIUCOLANO @ 1800FLOWERS.COM

With copies to:
Jerry Gallagher
Gallagher, Walker & Bianco
98 Willis Avenue
Mineola, New York 11501
Phone: 516-237-6087 Facsimile Number: 516.248.2394

MSP SERVICES:

MSP will provide a live link from the Microsoft Web Sites as designated by MSP in its sole discretion, to The
Plaza. From The Plaza, MSP will provide a link directly to the MSN Transition Page and/or the Mirrored Web Site which will be co-branded as specified and approved by MSP.

Merchant SERVICES:

Merchant Site Description: _____ (We need to add correct URL for tracking Microsoft)
Merchant shall provide e-mail address for Customer Service. _____
Merchant shall provide MSP with Weekly User information and Weekly Sales Reports no later than the following Tuesday for the week ending on the immediately preceding Saturday. Merchant shall be solely responsible for implementing a weekly tracking mechanism that will determine from which Microsoft Web Site a customer has come. This site-specific tracking can be accomplished via tracking software at the Merchant site home page via a transition/middle page that provides a direct link from The Plaza to the appropriate middle page(s) that will exclusively track hits or by creating a mirror web site.

Weekly User information must include at a minimum:
- Traffic by web link
- Number of page views
- Number of unique users

Weekly Sales Reports must include at a minimum:
- number of daily orders
- total weekly revenue
- average revenue per order.

*Weekly tracking and weekly sales reports shall be sent to Deborah Levinger, c/o Microsoft Corporation, One Microsoft Way, Redmond, WA 98052-6399.

Merchant will maintain sole responsibility for all costs for Merchant Site (including but not limited to the MSN Transitional Page and/or the Mirrored Web Site) development, management, tracking, support, and maintenance. Merchant will ensure that the site content is refreshed as appropriate on a regular basis. Merchant will make every reasonable effort to ensure that site is "live" for all customers.

Merchant is solely responsible for product quality, product availability, product fulfillment and customer service for all Products offered and/or sold on the Merchant Site. MSP acts as a link operator only, and will provide marketing support only as noted in this contract under Special Provisions.

Fees:

Guaranteed FEE: During the Term Merchant shall pay [****] as an advance on commission payable for such month to MSP no later than the 5th of each month.

COMMISSION: In addition to the Guaranteed Fee, Merchant shall pay MSP [****] of Merchant's Gross Revenue less gift certificates, service charges, shipping and handling charges, taxes, refunds and actual bad debt incurred during the applicable period. Each month Merchant shall be entitled to deduct the Guaranteed Fee applicable to such month from any Commissions owing to MSP for the applicable month. The Commission shall be payable monthly to MSP no later than the 5th of each month for all transactions occurring during the previous month. All payments of the Fees must be in a form acceptable to MSP, in its sole discretion, and addressed to Deborah Levinger, c/o Microsoft Corporation, One Microsoft Way, Redmond, WA 98052-6399.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

Term Start Date:	Term End Date:	Renewal Options (if any):
Upon availability of the Merchant Site to customers via The Plaza October 21, 1997	June 30, 1998	The term shall automatically extend for consecutive six (6) months periods (the "Renewal Period(s)") until and unless either party notifies the other party in writing of its intent to terminate this Agreement at least 30 days prior to the end of the initial term or

any Renewal Period.

Special Provisions (if any):

Merchant will provide the following:

- Electronic mail capabilities between the customer and Merchant and customer service standards & practices at a level at least as high as that of the electronic commerce industry to all customers.

- Information regarding Merchant promotions, upon MSP's request for such information, to be used by MSP, in its sole discretion, in the pre-programmed Daily Specials area of The Plaza, as per specifications provided by MSP.

- Promotional activities are subject to change based on business and technology requirements as seen by MSP. MSP makes no claims or [****] of level of [****] activities.

- Logo links on Merchant's home page to Microsoft Web Sites, as determined by MSP and subject to all of MSP's policies and guidelines for the use of such logo links.

- A "GO BACK TO The Plaza" button on Merchant's home page.

- Monthly listing of customer names and e-mail addresses to MSP for the purpose of MSP's MSN promotional efforts. MSP recognizes and respects the obligation of the Merchant to honor its privacy commitments to its customers that may prohibit the Merchant from completely fulfilling this request; however Merchant shall provide this information to the maximum extent possible. Within thirty (30) days of Merchant's execution of this Agreement, Merchant must notify MSP, in writing, of any privacy commitments which would limit Merchant's ability to provide MSP with the above customer information.

- Planned and executed regular promotion of The Plaza in the Merchant's marketing materials, subject to any guidelines provided to Merchant by MSP. [Complete as negotiated: Which shall include on-line advertisements, online banner ads, print ads, product/company catalog, product brochures, business cards]

MSP will provide the following:

- Microsoft Web Site logos, as determined by MSP in its sole discretion, Internet Explorer logo, "GO BACK to The Plaza" button - to be used for linking from the Merchant site.

- Merchandising calendar and plan based on retail holidays, for the purpose of product promotional planning with Merchant

- Reasonable efforts to ensure that Plaza Tenants are of high quality and stature in their respective industries.

MSP disclaims any implied warranties, promises, or guarantees of site traffic to Merchants, number of unique users/consumers, Merchant product promotion rotation, or industry-specific exclusivity.

END OF SCHEDULE

THIS AGREEMENT CONSISTS OF THE PREAMBLE, THE SCHEDULE, THE GENERAL TERMS, AND ALL ATTACHED RIDERS AND EXHIBITS THAT ARE SIGNED ON BEHALF OF BOTH MSP AND Merchant.

THE MICROSOFT NETWORK, L.L.C. ("MSP"), by and through its manager, MICROSOFT CORPORATION ("Microsoft")	800-FLOWERS, Inc. ("Merchant")
By (signature): /s/ Deborah Levinger	By (signature): /s/ Donna M. Iucolano
Name: Deborah Levinger	Name: Donna M. Iucolano
Title: Business Manager, The Plaza	Title: Director, Interactive Services
Date: November 13, 1997	Date: November 11, 1997

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

GENERAL TERMS

1. Definitions. As used herein, the following terms are defined and used in this Agreement as follows:

1.1 Affiliate. When used in reference to either party, any company or entity which controls, or is controlled by, or is under common control with such party.

1.2 Gross Revenue. The aggregate of all kinds of consideration, including, but not limited to, cash, barter and any other in-kind consideration, received by Merchant or any other party for purchases initiated at The Plaza, any Microsoft Web Site, the MSN Transition Page or the Mirrored Web Site.

1.3 Microsoft Web Sites. Web sites operated by or affiliated with MSP which may include, at MSP's sole discretion for the purposes hereof, MSN Premier Service, MSNBC, msn.com, home.microsoft.com and/or other services as they become available.

1.4 Mirrored Web Site. A web site which is created solely for the purposes set forth herein and is identical to Merchant's web site except that such site is co-branded as directed by MSP at which a customer and/or internet user is "tagged" for purposes of tracking purchases made from the Merchant which initiated at The Plaza, any other MSN Web Site, the MSN Transition Page and/or the Mirrored Web Site. Merchant shall not include any third party advertising in the home page of the Mirrored Web Site or links from such home page to any site other than Merchant's Site and MSN. Merchant will carry the MSN (a reciprocal link), the applicable IE logo and any other links determined by MSP, on the home page of the Mirrored Web Site, MSP and Merchant.

1.5 MSN. The Microsoft Network online service, operating on open Microsoft and/or internet-based platforms, including, without limitation, (a) www.msn.com and related Web Sites (which may include those managed by third parties and those based overseas by MSP or Microsoft), and (b) MSN-branded Web pages that are part of a third party's Web Site.

1.6 Plaza Tenant. Each Web Site operator participating in The Plaza.

1.7 The Plaza. The MSN service referred to as "The Plaza on MSN" or by such other name as MSP may determine in its sole discretion (as solely branded by MSP or co-branded with its sponsors) in which goods and services from Plaza Tenants are offered for purchase.

1.8 MSN Transition Page. The Web page on Merchant's Site to which customers and/or internet users of The Plaza are transported and at which such customer and/or internet user is "tagged" for purposes of tracking purchases made from the Merchant which initiated at The Plaza, any other MSN Web Site, the MSN Transition Page and/or the Mirrored Web Site. Merchant shall not include any third party advertising in the MSN Transition Page or links from such page to any site other than Merchant's Site and MSN.

1.9 Product. Any product or service sold or otherwise provided by Merchant to a customer or internet user during access by such customer or internet user to the Merchant Site by means of The Plaza, any other Microsoft Web Site, the MSN Transition Page and/or the Mirrored Web Site.

1.10 Web (and related terms). That part of the internet known as the World Wide Web, containing, INTER ALIA, pages written in hypertext markup language (HTML). A "Web page" is a document on the Web which has a distinct URL address. A "Web Site" is a collection of inter-related Web pages.

2. Term. Subject to extension (if an option or renewal period is specified in the Schedule), the period during which transactions on the Merchant Site will be offered as part of The Plaza ("Term") begins on the Start Date and ends on the End Date, as specified in the Schedule. Either party may elect to terminate this

Agreement at any time, upon not less than [****] notice to the other party.

3. Merchant Obligations.

3.1 Generally. Merchant will enable access to the Merchant Site by means of the MSN Transition Page and/or Mirrored Web Site throughout the Term. The Merchant will monitor all sales and other activity in the Merchant Site to verify ongoing operation of the Merchant Site and its capacity to track customers and/or internet users accessing the Merchant Site by means of The Plaza. Merchant will

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ensure that customers and internet users are timely advised of their purchases.

3.2 No Exclusivity. The Merchant Site is not exclusive to MSN; that is, at all times during the Term, the Merchant Site may offer any internet users the right and/or ability to purchase Products at the Merchant Site by any means other than via the MSN Transition Page and/or Mirrored Web Site.

4. MSP Obligations.

4.1 Operation of The Plaza. Throughout the Term, MSP will operate The Plaza in accordance with the terms of this Agreement. The quantity, identity and mix of Plaza Tenants shall be determined by MSP in its sole discretion.

5. Promotion and Marketing.

5.1 Generally. MSP and Merchant will cooperate in promotional, advertising and marketing activities in connection with the availability of the Merchant Site by means of the MSN Transition Page and/or the Mirrored Web Page as the parties may mutually deem advisable. All such activities as undertaken by either party will comply with applicable laws and regulations.

5.2 Use of Materials. (a) MSP may use the name and logo of the Merchant Site (as provided in Section 16) in promoting, advertising and marketing The Plaza. Provided that references to Merchant and/or the Merchant Site and use of Merchant and/or Merchant Site logos will be less prominent than references to The Plaza and/or use of MSN logos or screen shots. Provided that Merchant provides MSP with not less than three current, pre-approved screen shots of the Merchant Site, MSP's use of other screen shots from the Merchant Site in MSN marketing for The Plaza will be subject to Merchant's prior written approval.

(b) Subject to MSP's approval, Merchant may use MSN's name and logo, and MSN-furnished marketing materials, provided that all such use will be in compliance with Section 16 and MSP policies. Merchant agrees to use MSN-furnished marketing materials solely for the purpose of promoting,

advertising and marketing the availability of the Merchant Site on The Plaza.

6. Sponsorship and Advertising. MSP may include paid advertising, consisting of Web link banners, in The Plaza. MSP may also designate sponsors of all or any portion of The Plaza as it deems advisable.

7. Product Transactions.

7.1 MSP will be entitled to the fee(s) specified in the Schedule.

7.2 Statements. (a) Unless otherwise specified in the Schedule, for each month during the Term Merchant will submit to MSP a statement with respect to Gross Revenue attributable to customers and/or internet users accessing the Merchant Site by means of The Plaza, any other Microsoft Web Site, the MSN Transition Page and/or the Mirrored Web Site and will concurrently render payment (if any) as shown to be due thereon no later than 5 days after the end of the month to which such statement relates. Each such statement will state the amount of Gross Revenue attributable to sales during the month it covers (if any) and describe in reasonable detail the manner of Merchant's computation of fees thereon. Alternatively, if there is no Gross Revenue for such month, Merchant's statement will so note. All statements and payments will be sent to MSP at the address set forth in the Schedule.

(b) MSP may, at its expense, cause an audit to be made of the applicable records in order to verify statements issued by Merchant. Such audit shall be conducted upon advance notice to Merchant during regular business hours at Merchant's offices and in such a manner as not to interfere with Merchant's normal business activities. Such audits shall be made no more often than once every [****] months during the Term and for a period of [****] following the end of the Term. If an audit reveals that Merchant has under-paid MSP by [****] or more of the amounts due for any audited period of time, Merchant agrees, in addition to recomputing and making immediate payment to MSP of all amounts due, plus interest at the [****], based on the actual and true amounts due and owing, to pay MSP all reasonable costs and expenses incurred by MSP in conducting such audit, including, but not limited to, any amounts paid to any auditor or attorney. MSP shall have the right to audit a Merchant's site for accuracy of site traffic and customer transactions including a review of all software as necessary.

8.3 Taxes. Merchant acknowledges and agrees that MSP has no responsibility with

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respect to tax billing or collecting relating to sales made and/or charges assessed to customers or other internet users accessing the Merchant Site by means of The Plaza or any other Microsoft Web Site.

9. Hosting. Merchant is solely responsible for hosting of the Merchant Site (including the MSN Transition Page) and MSP is solely responsible for hosting of all programs, content, pages and materials comprising The Plaza.

10. Tracking; Use of Customer Data.

10.1 Generally. Merchant agrees to (a) use usage tracking tools mutually approved by MSP and Merchant and resources to enable assessment and verification of data relating to Merchant Site usage by means of The Plaza, (b) provide access to MSP to log files relating to Merchant Site usage by means of The Plaza, delivered and formatted in a manner mutually approved by both parties, and (c) follow such other directions and procedures as are reasonably determined to be necessary by MSP to enable resolution of customer and/or internet user support issues relating to usage of the Merchant Site by means of The Plaza.

10.2 Use of Customer Data. Provided Merchant does not violate MSP's written policy on use of information, Merchant shall have the right to treat any Customers who purchase from Merchant as its permanent Customers for any and all purposes, and furthermore such Customers may be added to Merchant's Customer Lists.

11. Confidentiality. Neither party will use or disclose to any third party, any confidential information of the other party. As used herein, the term "confidential information" means all non-public information that either party designates as being confidential, or which, under the circumstances of disclosure ought to be treated as confidential including but not limited to the terms of this Agreement, know-how and materials provided pursuant to this Agreement, provided that either party may disclose the terms of this Agreement in confidence to its immediate legal and financial consultants and advisors as required in the ordinary course of such party's business, provided that such immediate legal and financial consultants and advisors agree in advance to be bound by the confidentiality provisions set forth in this Section 11. All tangible materials containing Confidential Information ("Confidential Materials"), including documents, tapes, computer disks and other fixed storage devices (whether or not machine or user readable), are the property of the disclosing party. No later than 15 business days following the End Date, Confidential Materials in either party's possession must be returned or destroyed (with appropriate certification of destruction if not returned).

12. Warranties.

12.1 By Merchant. Merchant warrants, represents and agrees that (a) Products offered, sold or otherwise provided as part of the Merchant Site are made, offered, sold or otherwise provided in compliance with applicable laws and will not infringe the copyrights, trademarks, service marks or any other proprietary right of any third party, (b) operation of the Merchant Site is in compliance with MSP's technical specifications and all applicable laws and (c) Merchant has the power and authority to enter into and perform its obligations under this Agreement, (d) Merchant will perform all of its obligations under

this Agreement.

12.2 By MSP. MSP warrants, represents and agrees that (a) MSP has the power and authority to enter into and perform its obligations under this Agreement, (b) MSP will operate and maintain the Microsoft Network in compliance with all applicable laws, (c) MSP will perform all of its obligations under this Agreement.

12.3 No Additional Warranties. THIS SECTION 12 CONTAINS THE ONLY WARRANTIES MADE BY MERCHANT AND MSP. ANY AND ALL OTHER WARRANTIES, INCLUDING FOR NON-INFRINGEMENT AND THE OPERATION, FUNCTIONALITY, INTERRUPTION OR LACK OF RESOURCES OF MSN OR THE MERCHANT SITE, ARE EXPRESSLY EXCLUDED AND DECLINED. EACH PARTY DISCLAIMS ANY IMPLIED WARRANTIES, PROMISES AND CONDITIONS OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER AS TO MSN OR THE MERCHANT SITE, THE TECHNOLOGY DEPLOYED IN CONNECTION THEREWITH, OR PRODUCTS OR SERVICES OFFERED AND/OR SOLD IN CONNECTION THEREWITH.

12.4 Liability. TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER PARTY IS LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES INCURRED BY THE OTHER PARTY EVEN IF THE OTHER PARTY HAS BEEN

ADVISED THAT SUCH DAMAGES ARE POSSIBLE.

12.5 Survival. Each party's representations and warranties survive the termination of this Agreement.

13. Indemnification.

13.1 Each party will indemnify and hold harmless the other party, and the other party's Affiliates, from and against any claims, actions, losses, liabilities, damages, settlements, judgments, arbitration awards, costs and expenses (including reasonable outside attorneys' fees and expenses) (collectively "Claims") resulting from; (a) such party's breach (or, with respect to the defense thereof, alleged breach) of its covenants, warranties and representations as set forth in this Agreement; (b) any infringement of any patent, trademark, copyright or other proprietary right of any third party on The Plaza or Merchant Site, as applicable; or (c) resulting from either party's approved use of materials obtained from the other party hereunder which infringes the patent, trademark, copyright or other proprietary right of any third party. For purposes hereof, Merchant's indemnity obligation hereunder extends equally to MSP and Microsoft.

13.2 Manner of Exercise. If a party requests to be indemnified ("requesting party"), it must give prompt notice to the other party ("requested party") specifying all relevant details of the Claim. The requested party may, at its option, defend the Claim, in which event the requesting party will cooperate fully and may participate in such defense with counsel of its own choice, provided that it will be responsible for all expenses relating to such

separate counsel. If the requested party assumes the defense of a Claim, its obligation will be limited to paying the attorneys' fees, costs and expenses associated with such defense (except as otherwise expressly provided herein) and holding harmless the requesting party from and against any judgment paid on account of such Claim or monetary settlement the requested party has made (with the requesting party's approval, not to be unreasonably withheld) or approved. The requesting party may, if needed or desired, join the requested party as a party in any litigation in respect of a Claim for which indemnity is requested. No settlement may be made without the requested party's prior approval. Neither party is responsible for loss of profits or consequential damages incurred by the other due to a Claim. If either party fails to fulfill its material obligations, the other party will be deemed excused from its obligations pursuant to Section 13.1.

13.3 Survival. This Section 13 will survive any suspension, termination or expiration of this Agreement.

14. Default and Breach.

14.1 Events of Default. After giving notice to the defaulting party and following the completion of the applicable cure period set forth in Section 14.2, the non-defaulting party may declare the other party to be in breach of this Agreement and may exercise the remedies specified in Section 14.3 upon the occurrence of any of the following default events:

(a) failure to perform or comply with any material provision of this Agreement, including without limitation either party's failure to file or provide required statements and/or make payments due;

(b) admission in writing of an inability to pay debts as they mature, or making an assignment for the benefit of creditors;

(c) impairment of financial condition such that the other party has justifiable grounds to believe and can reasonably demonstrate that the impaired party will be unable to fulfill its obligations under this Agreement; or

(d) filing of a petition under any bankruptcy act, receivership statute or similar law or statute, by either party, or the filing of such a petition by any third party against either party, or the making of an application for a receiver by either party, where such petition or application is not dismissed or otherwise favorably resolved within 60 days.

14.2 Cure Period. (a) Subject to Section 14.2(b), upon receiving a default notice, the defaulting party will have 15 business days to cure the default, provided that if the default is not reasonably susceptible of cure within such period, the non-defaulting party's right to exercise the remedies specified in Section 14.3 will be suspended for so long as the other party diligently pursues all reasonable steps to cure as expeditiously as possible. Notwithstanding the foregoing, such suspension (i) will not arise for default events that are incapable of cure, and (ii) may nonetheless result in early

termination of this Agreement upon notice given by the non-defaulting party if cure is uncompleted after 90 days.

(b) Notwithstanding Section 14.2(a), (i) the non-payment of monies due must always be cured within the 15-business day cure period, and (ii) unless MSP otherwise expressly agrees in writing, there shall be a 48 hour cure period with respect to the operation of the Merchant Site in accordance with MSP's technical specifications, and in compliance with applicable laws.

14.3 Remedies. If either party fails to timely cure an event of default (if cure is authorized pursuant to Section 14.2), subject only to Section 17.3, the non-defaulting party will have the right to declare the other party in breach of this Agreement and suspend performance or, alternatively, terminate this Agreement upon notice, whereupon the non-defaulting party's obligations will immediately cease. The nondefaulting party's rights are cumulative and not in lieu of any other rights and remedies under this Agreement or otherwise provided by law or in equity. Upon suspension or termination, neither party will hold itself out as having rights or powers pursuant to this Agreement (except in respect of provisions of this Agreement that survive suspension or termination).

15. Notices. All notices given hereunder must be in writing and personally delivered, or sent by registered or certified mail (return receipt requested), facsimile, e-mail or overnight courier. A notice sent by facsimile or e-mail must be confirmed by sending a copy of such notice by registered or certified mail or overnight courier. Notices will be deemed given on the date received. Notices to MSP must be sent to One Microsoft Way, Redmond, WA 98052-6399 USA (facsimile number: (206) 936-7329), Attention: Director, Business Development. Notices to Merchant must be sent to the address for notices specified in the Schedule. Either party may change its address for notices at any time by giving notice to the other party as provided herein.

16. Intellectual Property. Each party will use the appropriate trademark, product descriptor and trademark symbol (either "(TM)" or "(R)") and copyright symbol ((C)), and clearly indicate ownership of trademarks, trade names and/or product names ("Marks") and copyrights, whenever first mentioned in any advertisement, brochure or other material in connection with MSN or the Merchant Site. Each party will, upon request, provide the other party with samples of marketing literature that include the other party's Marks or copyrights. Each party agrees that, as between the parties, (a) the other party's Marks and copyrights and the good will associated therewith are and will remain the sole property of the other party; (b) this Agreement does not confer in either party any right of ownership in the other party's Marks or copyrights; (c) all uses by one party of the other party's Marks and/or copyrights will inure to the benefit of the owning party; and (d) when using the other party's materials, if any such materials contain copyright, patent, trademark or other notices evidencing the other party's ownership of rights in intellectual property, the using party will not delete, modify, remove or diminish the prominence of any such notices.

17. Other Provisions.

17.1 No Ongoing Waiver. No waiver of any breach of any provision of this Agreement constitutes a waiver of any prior, concurrent or subsequent breach of the same or any other provisions, and will not be effective unless made in writing and signed by an authorized representative of the waiving party.

17.2 Excuse. Neither party is liable for, and will not be considered in default or breach of this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of causes or conditions beyond such party's reasonable control which such party is unable to overcome by the exercise of reasonable diligence, provided that the affected party will use reasonable efforts to resume normal performance as promptly as possible.

17.3 Dispute Resolution. If a dispute arises hereunder, upon either party's written request (containing a statement specifying the basis of the dispute), the parties will each appoint a senior representative to attempt in good faith to resolve the dispute. Except for disputes where preliminary injunctive relief is an appropriate remedy, no formal legal proceedings may be commenced with respect to any dispute until either party determines in good faith (but no earlier than five business days following the initiation of discussion) that amicable resolution through continued negotiation appears unlikely.

17.4 Governing Law; Attorneys' Fees. This Agreement is governed by the laws of the State of Washington, U.S.A. In any legal proceeding between the parties relating to the enforcement of any rights arising out of or relating to this Agreement, the primarily prevailing party will be entitled to recover its reasonable attorneys' fees and court costs.

17.5 Riders and Exhibits. All Riders and Exhibits attached to this Agreement that are contemporaneously signed on behalf of both parties are incorporated herein by this reference.

17.6 Assignment; Transfer of Control. (a) This Agreement may not be assigned, by operation of law or otherwise, by either party without the non-assigning party's prior written consent. Notwithstanding the foregoing, any assignment of this Agreement to a person or entity acquiring all or substantially all of the assets of the Merchant Site where such assignment results in the transfer of management or control or significant ownership interest in Merchant or the Merchant Site will give MSP the right to terminate this Agreement as provided in Section 17.6(b). In any assignment proposed by Merchant, the proposed assignee must agree in writing to be bound by the terms of this Agreement. Any assignment by Merchant contrary to this Section 17.6(a) will be void and of no effect.

(b) In the event of the anticipated sale or transfer of management or control of (or a significant ownership interest in) Merchant or the Merchant Site ("Transfer"), Merchant will give notice to MSP of such

Transfer (including the proposed transferee) not less than 30 days prior to the effective date of such Transfer (if such Transfer is voluntary) or as soon as possible after the Transfer (if such Transfer is involuntary). Upon the occurrence of a Transfer, MSP may elect to terminate this Agreement. MSP must give notice to Merchant of MSP's election to terminate this Agreement due to the Transfer within 15 business days after the later of the following dates: (i) the date on which MSP ascertains the occurrence of the Transfer, or (ii) the date on which MSP receives Merchant's notice of such Transfer.

(c) Neither party will pledge or hypothecate its rights or delegate its obligations under this Agreement except as part of a permitted assignment of rights.

17.7 Relationship of Parties. This Agreement does not create or constitute a partnership, joint venture or agency relationship or the grant of a franchise as defined in the Washington Franchise Investment Protection Act, RCW 19.100, as amended, or 16 CFR Section 436.2 or otherwise.

17.8 Section Headings. Headings and captions used in this Agreement (including attached Riders and Exhibits) are for convenience only and do not supersede or modify any provisions.

17.9 Amendments. This Agreement may only be amended by a written instrument duly signed by authorized representatives of both MSP and Merchant.

17.10 Third Party Enforcement. Merchant agrees that its obligations under this Agreement may be enforced by or on behalf of any Affiliate of MSP.

17.11 Meaning of "Sale". As used herein, a "sale" includes a license and a purchase of a Product includes a licensing arrangement; where applicable, use of such terminology will not be deemed to waive, impair, or otherwise affect the intellectual property rights of MSP, Microsoft or Merchant.

17.12 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of Merchant and MSP by their respective duly authorized representatives.

17.13 If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

18. Entire Agreement. This Agreement embodies the entire agreement between the parties and supersedes all previous and contemporaneous agreements, understandings and arrangements with respect to the subject matter hereof, whether oral or written.

This letter shall serve as an amendment to that certain E-commerce Merchant Agreement for The Plaza on MSN (the "Agreement") between 1-800-FLOWERS ("Merchant") and The Microsoft Network, L.L.C. ("MSP") relating to MSP's link mall service. For good and valuable consideration, receipt of which is hereby acknowledged, MSP and Merchant hereby agree to supplement and amend the Agreement as follows:

Notwithstanding anything to the contrary contained in the Agreement, the following shall apply:

1. MSP SERVICES shall be amended to include the following: "MSP may provide, at MSP's sole discretion, a link from within any Web site owned, controlled or operated by MSP, Microsoft or any affiliated company (the "MS Sites") directly to the MSN Transition Page and/or the Mirrored Web Site."

2. For the avoidance of doubt, "Revenue" shall include all kinds of consideration received by Merchant or any other party for purchases initiated at the MS Sites.

3. All references to "The Plaza" in the General Terms, except for Sections 1.7 and 2 and the provisions relating to the "Go Back to The Plaza" links, shall he replaced with "The Plaza and the MS Sites, as applicable".

Unless otherwise defined herein all capitalized terms used herein shall have the same meaning as in the Agreement. Except as expressly provided herein, the Agreement is not otherwise modified in any respect. Unless otherwise expressly provided herein, all terms and conditions of the Agreement shall remain in full force and effect.

If the foregoing correctly reflects your understanding please sign as indicated below.

ACCEPTED AND AGREED TO:	ACCEPTED AND AGREED TO:
1-800-FLOWERS, INC.	THE MICROSOFT NETWORK, L.L.C.
Signature: /s/ Donna M. Iucolano	Signature: /s/ Deborah Levinger
Date: March 25, 1998	Date: April 6, 1998

ECOMMERCE MERCHANT
AGREEMENT FOR THE PLAZA ON MSN

AMENDMENT

Reference is hereby made to that certain Ecommerce Merchant Agreement for The Plaza on MSN (the "Agreement") dated as of between 800-FLOWERS ("Merchant") and The Microsoft Network, L.L.C. ("MSP") relating to the inclusion of the Merchant within The Plaza on MSN Web site. For good and valuable consideration, receipt of which is hereby acknowledged, [edged, MSP and Merchant hereby agree to supplement and amend the Agreement as follows:

Notwithstanding anything to the contrary contained in the Agreement, the following shall apply:

1. The Term of the Agreement shall continue through June 30, 1999.

2. The Guaranteed Fee shall be US [****] for the period from February 1, 1998 through June 30, 1998. The Guaranteed Fee shall be US [****] for the period from July 1, 1998 through June 30, 1999.

3. The Commission shall remain the same as agreed and signed to in the Merchant Agreement.

4. Merchant may deduct [****] of the Guaranteed Fee per month from the Commissions owing for such month for the period from July 1, 1998 through June 30, 1999.

Unless otherwise defined herein all capitalized terms used herein shall have the same meaning as in the Agreement.

Except as expressly provided herein, the Agreement is not otherwise modified in any respect. Unless otherwise expressly provided herein, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year specified below.

THE MICROSOFT NETWORK, L.L.C. ("MSP"), by and through its manager, MICROSOFT CORPORATION

800-FLOWERS, Inc. ("Merchant")

By (signature): /s/ Deborah Levinger
Name: Deborah Levinger
Title: Business Manager, The Plaza
Date: April 6, 1998

By (signature): /s/ Donna M. Iucolano
Name: Donna M. Iucolano
Title: Director, Interactive Services
Date: March 25, 1998

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

CONTRACT NUMBER: _____

AMENDMENT NUMBER 2 TO
ECOMMERCE MERCHANT AGREEMENT

This AMENDMENT NUMBER 2 TO THE ECOMMERCE MERCHANT AGREEMENT, dated as of the 13th day of November 1997 (the "Agreement"), is made by and between Microsoft Corporation, a Washington U.S.A. corporation ("Microsoft"), and 800-Flowers, Inc., d.b.a. 1 800-FLOWERS, a New York U.S.A. Corporation ("Merchant"), to amend the Agreement as set forth herein. Unless otherwise defined herein all defined terms have the same meanings set forth in the Agreement:

The following shall be added to the Agreement:

1. Microsoft maintains a web-based portal site intended for users in the United States and currently known as "MSN.COM" ("Portal Site").

1.1. Microsoft currently anticipates that, among other things, the Portal Site will feature a home page as its top-most page ("Home Page") and several secondary pages grouped by content theme ("Channels"). The Channels will be available from the Home Page via persistent hypertext links prominently displayed above the fold in a bar on the leftmost portion of the Home Page. Examples of Channels that Microsoft currently expects to feature on the Portal Site include: Autos, Business, Computing, Games, Health, News, Personal Finance, Real Estate, Shopping, Sports, Travel, and Women. Absent technical issues or other such critical obstacles, Microsoft currently anticipates that the Channels will launch on or about October 1, 1998 ("Launch Date").

1.2. The Portal Site will also feature a Microsoft developed (or licensed) web-search capability ("Search") utilizing key words as the search parameter.

1.3 The Home Page will also feature a text-based advertising space above the fold ("Home Page Ad Space").

1.4. The Shopping Channel shall feature persistent sections on its topmost page above the fold as follows:

1.4.1. a rotating set of graphic buttons consisting of merchants' logos and providing links to those merchants' sites in a section labeled "Plaza Merchants";

1.4.2. a section that will feature on a rotating basis specials from merchants in a section called "Plaza Specials"; and

1.4.3. a section that features recommendations for gifts

based on seasonal or holiday themes (e.g., back-to-school, Christmas, Father's Day) that will feature appropriate hypertext links to merchants' sites.

The Shopping Channel will have a series of persistent secondary pages that will group merchants by product category. Each of these secondary pages will be entitled "Departments."

2. For the term described below, Microsoft will accord Merchant Premier Anchor Provider Status in the Flower Category for the Portal Site. Specifically:

2.1 Microsoft will make available to Merchant on a [****] basis the Home Page Ad Space. Microsoft will provide to Merchant the technical specifications for the Home Page Ad Space in a timely manner and Merchant will comply with such technical specifications. Notwithstanding the foregoing, Merchant will be the only provider of floral products in this space.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

2.2 In the Shopping Channel, Microsoft also will do the following:

2.2.1 Microsoft will feature Merchant's branded logo button above the fold in the Plaza Merchants section on a [****] basis.

2.2.2 Microsoft will feature Merchant [****] in the Plaza Special section;

2.2.3 Microsoft will include Merchant in Plaza Gift Guides at least [****]; and

2.2.4 Microsoft will feature a direct hyperlink to Merchant's Site immediately below the link labeled "Flower Department" in the section.

2.3 In the Flower Department of the Flower Category, Microsoft will accord Merchant the [****] position of all merchants featured in the Department and accord the [****] product space to Merchant on a persistent basis. There will be no more than [****] merchants within this category including 1-800-FLOWERS as the premier merchant and a [****] partner.

2.4 Microsoft will accord Merchant the opportunity to have its textual message included in [****] overall Plaza e-mail

campaigns targeted to Plaza registered users that have consented to receiving such e-mailings. Such campaigns will take place at least [****] during the Term. Merchant will have the [****] position in any mailing that includes a product from one sponsor flower partner. Microsoft will also accord Merchant the opportunity to have its textual message included in Portal Site e-mail campaigns targeted to Portal Site registered users that have consented to receiving such e-mailings if and when this feature is available.

2.5 For a period of [****] from the launch of Search, Microsoft will ensure that Merchant's Search Site is served up to user with [****] specific flower-related Key Words. Merchant will have the opportunity to select the first [****] words. The parties may mutually agree upon additional key words that will serve up Merchant's Site as a result on a non-exclusive basis.

3. For the term described below, Microsoft will also accord the following additional tenant positions to Merchant. Specifically:

3.1. Merchant will have a [****] position in the Gifts & Gadgets Department effective October 1, 1998 or at the launch of the Shopping Channel on the Portal Site.

3.2 Merchant will have a [****] position in the Candy & Cards Department.

3.3 Merchant's branded subsidiary sites, such as Plow & Hearth or other gardening/country living, will have a [****] in the Home & Garden Department with a planned start date no later than January 31, 1999.

4. Microsoft's efforts as described above shall deliver at least [****] impressions on Microsoft sites during the Term.

5. The term of the rights and obligations under this Amendment ("Term") shall commence on October 1, 1998 and end on September 30, 1999. This provision supersedes paragraph two of the Electronic Merchant Agreement in its entirety.

6. In consideration for the above-described rights and obligations set forth herein, Merchant shall pay to Microsoft the following amounts:

6.1. Guaranteed Fee: Merchant shall pay [****] to Microsoft upon execution of this Amendment as a non-refundable advance.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

on any Commissions owed to Microsoft. This fee will be paid in [****] equal monthly installments of [****].

Commission: Merchant shall pay Microsoft [****] of Merchant's Gross Revenue less discounts, gift certificates, sales and other taxes, service charges, shipping and handling charges, credits, chargebacks, and credit card processing fees incurred during the Term. Merchant shall be entitled to deduct the Guaranteed Fee from any Commissions owing to Microsoft. No commissions over the guaranteed fee is due or owing to Microsoft until the Merchant's Gross Revenue less actual returns and actual bad debt exceeds the sum of [****]. The Commission shall be payable to Microsoft no later than thirty (30) days after the anniversary of the Launch Date. All payments of the Fees must be in a form acceptable to Microsoft, in its sole discretion, and addressed to Deborah Levinger, c/o Microsoft Corporation, One Microsoft Way, Redmond, WA 98052.

6.2. Microsoft will invoice Merchant for the Guaranteed Fee. Merchant is responsible to pay Commissions based on monthly tracking. Merchant is responsible for ensuring that all payment are made on a timely basis.

7. Because Merchant is a Microsoft Premier Anchor Provider, Microsoft will use commercially reasonable efforts to integrate Merchant under terms to be mutually agreed upon into any integrated search feature made available on the Portal Site, such as Expedia Maps, Personalization Section, or any Shopping Folder created in Microsoft internet Explorer, and into the content to be provided on at least [****] other Portal Site Channels when available.

8. Merchant will use commercially reasonable efforts to make special offers to Portal Site users.

9. The parties agree to exercise mutual good faith efforts to promote buying flowers via the Portal Site.

10. Merchant shall ensure that the Merchant Site complies with the [****] program as outlined on [****] throughout the Term.

11. At least sixty (60) days prior to the expiration of the Term, the parties hereto shall commence negotiating, in good faith, the renewal of this Amendment and shall negotiate for a period of thirty days (the "Negotiation Period"). If the parties do not reach an agreement with respect thereto prior to the expiration of the Negotiation Period, Microsoft may negotiate with a third party to be the Premier Anchor Provider Status in the Flower Category for the Portal Site; provided, however, Microsoft shall not enter into any agreement with respect thereto with such third party for the two (2)

month period following expiration of the Negotiation Period without first offering to Merchant the opportunity to enter into such agreement on terms and conditions at least as favorable to Merchant as those offered to or by Microsoft by or to such third party. Merchant shall have ten (10) business days from the date of receipt of written notice from Microsoft of any such offer (which offer shall be irrevocable during at least such ten (10) business days and said notice thereof shall contain full details in regard thereto) in which to accept or reject such offer. If Merchant rejects or does not accept such written offer within ten (10) business days after receipt thereof, Microsoft will be free to enter into such agreement with a third party.

Except as expressly provided herein, the Agreement is not otherwise modified in any respect, and the same as hereby supplemented and amended is hereby ratified and confirmed in all respects (including, specifically, Merchant's tracking and reporting obligations, and the requirement of a "GO BACK" button on the Merchant Site).

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

WHEREBY, the parties enter into this Amendment as of the Launch Date mentioned above.

MICROSOFT CORPORATION	800-FLOWERS, INC.
By (signature): /s/ Deborah Levinger	By (signature): /s/ Donna M. Iucolano
Name: Deborah Levinger	Name: Donna M. Iucolano
Title: Senior Manager eCommerce	Title: Vice President
Date: October 30, 1998	Date: October 29, 1998

Exhibit 10.8

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION, PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED.

CONFIDENTIAL EXECUTION COPY

SPONSORSHIP AGREEMENT

This agreement ("Agreement") is entered into as of the 1st day of May, 1998 ("Effective Date"), by and between Excite, Inc., a California corporation, located at 555 Broadway, Redwood City, California 94063 ("Excite"), and 800-FLOWERS, Inc., a New York corporation, located at 1600 Stewart Avenue, Westbury, New York, 11590 ("Client").

RECITALS

A. Excite maintains a site on the Internet at http://www.excite.com (the "Excite Site"), a site at http://www.webcrawler.com (the "WebCrawler Site") and owns and/or manages related Web sites worldwide (collectively, the "Excite Network") which, among other things, allow its users to search for and access content and other sites on the Internet.

B. Within the Excite Site and the WebCrawler Site, Excite currently organizes certain content into topical channels, including "shopping" channels (the "Shopping Channels").

C. Client is engaged in the business of selling flowers at its Web site located at http://www.1800flowers.com (the "Client Site").

D. Client wishes to promote its sale of flowers and related gift items to Excite's users by sponsoring various portions of the Excite Network and purchasing banner advertising on the Excite Network.

Therefore, the parties agree as follows:

1. ADVERTISING AND PROMOTIONAL PLACEMENTS

a) The parties recognize that sponsorship, promotional and advertising opportunities on the Excite Network will evolve over time and will cooperate in good faith to determine appropriate opportunities for Client, subject to Excite's delivery of the guaranteed impressions as described in Section 2.

b) Commencing on the Launch Date (defined below),

Client will be the exclusive provider of fresh cut flowers and related gift items in the portions of the Excite Network described in Exhibit A. For the purposes of this Agreement "exclusive" means that Excite will not display on the portions of the Excite Network described in Exhibit A content created by Excite promoting Client's "Competitors," content created by Client's Competitors [****], promotional placements from Client's Competitors or links to Client's Competitors' sites or otherwise permit Client's Competitors to sell or offer to sell any fresh cut flowers or related gift items in said portions of the Excite Network.

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c) Notwithstanding the foregoing, Excite may display links to [****] in Excite Search and WebCrawler search results pages in response to user queries, in any portion of Excite's general directory of Web sites that appears on the Excite Site or the WebCrawler Site and in search results displayed in the "Shopping Service powered by Jango".

2. IMPRESSION GUARANTEES

a) Excite guarantees the display of [****] impressions of the sponsorship links, promotional placements and advertising banners for Client in "Year 1" of the Agreement. For the purposes of this Agreement, "Year 1" means the period commencing on July 1, 1998 and ending June 30, 1999.

b) Excite guarantees the display of [****] impressions of the sponsorship links, promotional placements and advertising banners for Client in "Year 2" of the Agreement. For the purposes of this Agreement, "Year 2" means the period commencing July 1, 1999 and ending June 30, 2000.

3. LAUNCH DATE, RESPONSIBILITY FOR EXCITE NETWORK AND REPORTING

a) Client and Excite will use reasonable efforts to implement the display of the first of Client's

sponsorship links, promotional placements and advertising by July 1, 1998 (the "Launch Date"). The parties recognize that the scheduled Launch Date can be met only if Client provides final versions of all graphics, text, keywords, banner advertising, promotional placements, other promotional media and valid URL links necessary to implement the promotional placements and advertising described in the Agreement (collectively, "Impression Material") to Excite fourteen (14) days prior to scheduled Launch Date.

b) In the event that Client fails to provide the Impression Material to Excite fourteen (14) days in advance of the scheduled Launch Date, Excite may, at its reasonable discretion (i) reschedule the Launch Date at the earliest practicable date according to the availability of Excite's engineering resources after delivery of the complete Impression Material or (ii) commence delivery of Impressions based on Impression Material in Excite's possession at the time and/or reasonable placeholders created by Excite.

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c) Excite will have sole responsibility for providing, hosting and maintaining, at its expense, the Excite Network. Excite will have sole control over of the "look and feel" of the Excite Network including, but not limited to, the display, appearance and placement of the parties' respective names and/or brands and the promotional links.

d) Excite will provide Client with monthly reports substantiating the number of impressions of Client's sponsorship links, advertising banners and promotional placements displayed on the Excite Network. The parties acknowledge that Excite may rely on ad serving and reporting services provided by its wholly-owned subsidiary MatchLogic, Inc. to deliver Client's sponsorship links, advertising banners, promotional placements and reporting. However, Excite remains liable to Client for its obligations hereunder.

e) Excite will maintain accurate records with respect to impressions due under this Agreement. Once per year, the parties will-review these records to verify the accuracy and appropriate accounting of all impressions delivered made pursuant to the Agreement. In addition, Client may, upon no less than thirty (30) days prior written notice to Excite, cause an independent Certified Public Accountant to inspect the records of Excite reasonably related to the calculation of such impressions during Excite's normal business hours. The fees charged by such Certified Public Accountant in connection with the inspection will be paid by Client unless the impressions delivered by Excite are determined to have been less than [****] of the impressions actually owed to Client or as stated by Excite to have been delivered to Client, in which case Excite will be responsible for the payment of the reasonable fees for such inspection.

4. SPONSORSHIP, ADVERTISING AND TRANSACTION FEES

a) Client will pay Excite sponsorship and advertising fees of [****] for Year 1 of the Agreement. These fees will be paid in [****] equal monthly installments of [****]. The first monthly payment will be due on July 1, 1998 and paid within thirty (30) days of the execution of this Agreement. Subsequent installments will be due and paid on the first of each month thereafter.

b) Provided that Excite delivers the agreed-upon impressions due in the first year of the term of the Agreement and the Agreement remains in effect at the end of the first year of its term, Client will pay Excite sponsorship and advertising fees of [****] for Year 2 of the Agreement. These fees will be paid in [****] equal monthly installments of [****]. The first of these monthly payments for Year 2 will be due and paid July 1, 1999.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

Subsequent installments will be due and paid on a monthly basis thereafter.

c) Separate and apart from the sponsorship and advertising fees, Client will pay Excite [****] of all gross revenue in excess of [****] in Year 1 and [****] of all gross revenue in excess of [****] in Year 2 Client realizes on transactions conducted by users referred to the Client Site from the Excite Network during the term of the Agreement. The [****] commission payment is only due in those years in which the minimum revenue threshold is attained. Client will pay Excite its share of revenues within thirty (30) days after the close of the financial quarter in which Client recognizes the revenue derived from these transactions. "Gross revenue" is defined as the total transaction amount recognized by Client less discounts, gift certificates, sales and other taxes, actual service charges paid to Client by customers, shipping and handling charges, credits, refunds, chargebacks, and credit card processing fees.

d) The sponsorship fees and transaction-related payments are net of any agency commissions to be paid by Client.

e) Client will maintain accurate records with respect to the calculation of all transaction payments due under this Agreement. Once per year, the parties will review these records to verify the accuracy and appropriate accounting of all payments made pursuant to the Agreement. In addition, Excite may, no more frequently than every six (6) months and upon no less than thirty (30) days prior written notice to Client, cause an independent Certified Public Accountant to inspect the records of Client reasonably related to the calculation of such payments during Client's normal business hours. The fees charged by such Certified Public Accountant in connection with the inspection will be paid by Excite unless the payments made to Excite during the period audited are determined to have been less than ninety-five percent (95%) of the payments actually owed to Excite during the period audited and that such discrepancy is at least ten thousand dollars ($10,000), in which case Client will be responsible for the payment of the reasonable fees for such inspection.

f) Client will have sole ownership and control over the "look and feel" of the Client Site.

5. PUBLICITY

Unless required by law, neither party will make any public statement, press release or other announcement relating to the terms of or existence of this Agreement without the prior written approval of the other. Notwithstanding the foregoing, the parties agree to issue an initial press release regarding the relationship between Excite and Client, the timing and wording of which will be mutually agreed upon.

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6. TERM AND TERMINATION

a) The term of this Agreement will begin on the Launch Date and will not end until Excite displays of a total of [****] impressions of Client's sponsorship links, advertising banners and promotional placements on the Excite Network. Regardless of Excite's actual delivery of impressions, but subject to Section 6(b), the term of this Agreement will not be shorter than [****] months after the display of the Launch Date, unless earlier terminated pursuant to the terms hereof.

b) Notwithstanding Section 6(a), in the event that Client has not realized [****] in gross revenue (the "Revenue Goal") on transactions conducted by users referred to the Client Site from the Excite Network within [****] months of the Launch Date, Excite will continue to deliver the impressions of Client's sponsorship links, advertising banners and promotional placements on the Excite Network otherwise required hereunder, but Client will not be obligated to pay, and Excite hereby waives any claim to, the monthly sponsorship and advertising fees for the shorter of the following: (i) [****] months, (ii) the end of the [****] month after the Launch Date if by that time Client realizes [****] in cumulative gross revenue on transactions conducted by users referred to the Client Site from the Excite Network or (iii) the end of [****] month after the Launch Date if by that time Client realizes [****] in cumulative gross

revenue on transactions conducted by users referred to the Client Site from the Excite Network. In the event that Client does not realize the Revenue Goal within [****] months after the Launch Date, Client may, at any time, terminate this Agreement immediately upon written notice to Excite.

c) Either party may terminate this Agreement if the other party materially breaches its obligations hereunder and such breach remains uncured for thirty (30) days following the notice to the breaching party of the breach.

d) All undisputed payments that have accrued prior to the termination or expiration of this Agreement will be payable in full within thirty (30) days thereof.

e) The provisions of Section 8 (Confidentiality and User Data), Section 9 (Indemnity), Section 10 (Limitation of Liability) and Section 11 (Dispute Resolution) will survive any termination or expiration of this Agreement.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

7. TRADEMARK OWNERSHIP AND LICENSE

a) Client will retain all right, title and interest in and to its trademarks, service marks and trade names worldwide, subject to the limited license granted to Excite hereunder.

b) Excite will retain all right, title and interest in and to its trademarks, service marks and trade names worldwide, subject to the limited license granted to Client hereunder.

c) Each party hereby grants to the other a non-exclusive, limited license to use its trademarks, service marks or trade names only as specifically described in this Agreement. All such use shall be in accordance with each party's reasonable policies regarding advertising and trademark usage as established from time to time, and, with the exception of the links, advertising banners and

promotional placements described in this Agreement, shall be subject to the prior written approval of the other party, which approval shall not be unreasonably withheld.

d) Upon the expiration or termination of this Agreement, each party will cease using the trademarks, service marks and/or trade names of the other except as the parties may agree in writing.

8. CONFIDENTIALITY AND USER DATA

a) For the purposes of this Agreement, "Confidential Information" means information about the disclosing party's (or its suppliers') business or activities that is proprietary and confidential, which shall include all business, financial, technical and other information of a party marked or designated by such party as "confidential or "proprietary" or information which, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as confidential.

b) Confidential Information will not include information that (i) is in or enters the public domain without breach of this Agreement, (ii) the receiving party lawfully receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation, (iii) the receiving party knew prior to receiving such information from the disclosing party or (iv) the receiving party develops independent of any information originating from the disclosing party.

c) Each party agrees (i) that it will not disclose to any third party or use any Confidential Information disclosed to it by the other except as expressly permitted in this Agreement and (ii) that it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the other party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance.

d) The usage reports provided by Excite to Client hereunder will be deemed to be the Confidential Information of Excite.

e) The terms and conditions of this Agreement will be deemed to be Confidential Information and will not be disclosed without the written consent of the other party.

f) For the purposes of this Agreement, "User Data" means all information submitted by users referred to the Client Site from the Excite Network during the term of the Agreement, with the exception of credit card data. The parties acknowledge that any individual user of the Internet could be a user of Excite and/or Client through activities unrelated to this Agreement and that user data gathered independent of this Agreement, even from individuals who are users of both parties' services, will not be deemed to be "User Data" for the purposes of this Agreement.

g) User Data will be deemed to be the joint property of the parties and, subject to the limitations contained herein, both parties will retain all rights to make use of any User Data obtained through this Agreement.

h) Client will provide to Excite all User Data collected by Client within thirty (30) days following the end of each calendar month during the term of the Agreement in a mutually determined electronic format.

i) Client will not use User Data to directly or indirectly solicit any Excite users (except as specifically provided in this Agreement or except to encourage the continued use of Client's services) either individually or in the aggregate during the term of this Agreement and for a period of twelve (12) months following the expiration or termination of this Agreement.

j) Neither party may sell, disclose, transfer or rent any User Data which could reasonably be used to identify a specific named individual ("Individual Data") to any third party nor will either party use Individual Data on behalf of any third party without the express permission of the individual user. Where user permission for the dissemination of Individual Data to third parties has been obtained, each party will use commercially reasonable efforts to require the third party recipients of Individual Data to provide an unsubscribe" feature in any email communications generated by, or on behalf of, the third party recipients of Individual Data.

k) Notwithstanding the foregoing, each party may disclose Confidential Information or User Data (i) to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law or (ii) on a "need-to-know" basis under an obligation of confidentiality to its legal counsel, accountants, banks and other financing sources and their advisors.

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

9. INDEMNITY

a) Client will indemnify, defend and hold harmless Excite, its affiliates, officers, directors, employees, consultants and agents from any and all third party claims, liability, damages and/or costs (including, but not limited to, reasonable attorneys fees) arising from:

i) The breach of any representation or covenant in this Agreement; or

ii) Any claim that Client's advertising banners infringe or violate any third party's copyright, patent, trade secret, trademark, right of publicity or right of privacy or contain any defamatory content other than content provided by Excite, if any; or

iii) Any claim arising from content displayed on the Client Site, other than content provided by Excite.

Excite will promptly notify Client of any and all such claims and will reasonably cooperate with Client with the defense and/or settlement thereof; provided that, if any settlement requires an affirmative obligation of, results in any ongoing liability to or prejudices or detrimentally impacts Excite in any way and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Excite's written consent (not to be unreasonably withheld or delayed) and Excite may have its own counsel in attendance at all proceedings and substantive negotiations relating to such claim.

b) Excite will indemnify, defend and hold harmless Client, its affiliates, officers, directors, employees, consultants and agents from any and all third party claims, liability, damages and/or costs (including, but not limited to, reasonable attorneys fees) arising from:

i) The breach of any representation or covenant in this Agreement; or

ii) Any claim arising from or related to the Excite Network other than content or services provided by Client.

iii) Any claim that Excite's advertising banners infringe or violate any third party's copyright, patent, trade secret, trademark, right of publicity or right of privacy or contain any defamatory content other than content provided by Client, if any.

Client will promptly notify Excite of any and all such claims and will reasonably cooperate with Excite with the defense and/or settlement thereof; provided that, if any settlement requires an affirmative obligation of, results in any ongoing liability to or prejudices or detrimentally impacts Client in any way and such obligation, liability, prejudice or impact can reasonably be expected to be material, then such settlement shall require Client's written consent (not to be unreasonably withheld or delayed) and Client may have its own counsel in attendance at all proceedings and substantive negotiations relating to such claim.

c) EXCEPT AS SPECIFIED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY IN CONNECTION WITH THE SUBJECT

MATTER OF THIS AGREEMENT AND HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE REGARDING SUCH SUBJECT MATTER.

10. LIMITATION OF LIABILITY

EXCEPT UNDER SECTIONS 9(a) AND 9(b), IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, WHETHER OR NOT THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. THE LIABILITY OF EITHER PARTY FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER,

WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, [****].

11. DISPUTE RESOLUTION

a) The parties agree that any breach of either of the parties' obligations regarding trademarks, service marks or trade names and/or confidentiality would result in irreparable injury for which there is no adequate remedy at law. Therefore, in the event of any breach or threatened breach of a party's obligations regarding trademarks, service marks or trade names or confidentiality, the aggrieved party will be entitled to seek equitable relief in addition to its other available legal remedies in a court of competent jurisdiction.

b) In the event of disputes between the parties arising from or concerning in any manner the subject matter of this Agreement, other than disputes arising from or concerning trademarks, service marks or trade names and/or confidentiality, the parties will first attempt to resolve the dispute(s) through good faith negotiation. In the event that the dispute(s) cannot be resolved through good faith negotiation, the parties will refer the dispute(s) to a mutually acceptable mediator.

c) In the event that disputes between the parties arising from or concerning in any manner the subject matter of this Agreement, other than disputes arising from or concerning trademarks, service marks or trade names and/or confidentiality, cannot be resolved through good faith negotiation and mediation, the parties will refer the dispute(s) to the American Arbitration Association for resolution through binding arbitration by a single arbitrator pursuant to the American Arbitration Association's rules applicable to commercial disputes. The Arbitration will take place at an office of the American Arbitration Association located in Nassau or New York County if initiated by Excite and will take place at an office of the American Arbitration Association located in the county in which Excite maintains its principal place of business if initiated by Client..

**** Represents material which has been redacted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act of 1933, as amended.

12. GENERAL

a) ASSIGNMENT. Neither party may assign this Agreement, in whole or in part, without the other party's written consent (which will not be unreasonably withheld), except that no such consent will be required in connection with (i) a merger, reorganization or sale of all, or substantially all, of such party's assets or (ii) either party's assignment and/or delegation of its rights and responsibilities hereunder to a majority-owned subsidiary or joint venture in which the assigning party holds an interest. Any attempt to assign this Agreement other than as permitted above will be null and void.

b) GOVERNING LAW. This Agreement will be governed by and construed in accordance with the laws of the State of California, notwithstanding the actual state or country of residence or incorporation of Excite or Client.

c) NOTICE. Any notice under this Agreement will be in writing and delivered by personal delivery, express courier, confirmed facsimile, confirmed email or certified or registered mail, return receipt requested, and will be deemed given upon personal delivery, one (1) day after deposit with express courier, upon confirmation of receipt of facsimile or email or five (5) days after deposit in the mail. Notices will be sent to a party at its address set forth below or such other address as that party may specify in writing pursuant to this Section.

d) NO AGENCY. The parties are independent contractors and will have no power or authority to assume or create any obligation or responsibility on behalf of each other. This Agreement will not be construed to create or imply any partnership, agency or joint venture.

e) FORCE MAJEURE. Any delay in or failure of performance by either party under this Agreement will not be considered a breach of this Agreement and will be excused to the extent caused by any occurrence beyond the reasonable control of such party including, but not limited to, acts of God, power outages and governmental restrictions, provided the effected party takes all reasonable steps to resume full operation.

f) SEVERABILITY. In the event that any of the provisions of this Agreement are held to be unenforceable by a court or arbitrator, the remaining portions of the Agreement will remain in full force and effect.

g) ENTIRE AGREEMENT. This Agreement is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding any prior agreements and communications (both written and oral) regarding such subject matter. This Agreement may only be modified, or any rights under it waived, by a written document executed by both parties.

h) COUNTERPARTS. This Agreement may be executed in counterparts, each of which will serve to evidence the parties' binding agreement.

800-FLOWERS, Inc.	Excite, Inc.
By: /s/ Christopher McCann	By: /s/ Robert C. Hood
Title: Senior Vice President	Title: Executive Vice President/Chief Financial Officer
Date: 06/26/98	Date: 06/28/98
1600 Stewart Avenue	555 Broadway
Westbury, New York 11590	Redwood City, California 94063
516-237-6000 (voice)	650-568-6000 (voice)
516-237-6060 (fax)	650-568-6030 (fax)

EXHIBIT A

ANNUAL PLACEMENT SCHEDULE

1. SPONSORSHIP OF THE SHOPPING CHANNELS

a) Client will be prominently promoted in the Excite Shopping Channel and the WebCrawler Shopping Channel as follows:

i) A link to the Client Site (consistent with the

format used on similar links on the same page) will be displayed in the "Such a Deal" promotional rotation on the home page of the Excite Shopping Channel in [****] rotations during each year of the term of the Agreement, [****] every [****].

ii) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "Shop Here First" promotional rotation on the home page of the Excite Shopping Channel in [****] rotations during each year of the term of the Agreement, [****] every [****].

iii) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed on the home page of the Excite Shopping Channel under the Flowers & Gifts department listing for the [****] of the Agreement.

iv) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed on the front page of the Flowers & Gifts department of the Excite Shopping Channel for the [****] of the Agreement.

v) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "Shop Here First" promotional rotation in the Flowers & Gifts department of the Excite Shopping Channel in [****] rotations during each year of the term of the Agreement, [****] every [****].

vi) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "Special Web Price!" promotional rotation on the home page of the WebCrawler Shopping Channel in [****] rotations during each year of the term of the Agreement, [****] every [****].

vii) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "Featured Merchants" promotional rotation on the home page of the WebCrawler Shopping Channel in [****] rotations during each year of the term of the Agreement, [****] every [****].

viii) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed on the home page of the WebCrawler Shopping Channel under the Flowers & Gifts department listing for the [****] of the Agreement.

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ix) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed on the front page of the Flowers & Gifts department of the WebCrawler Shopping Channel for the [****] of the Agreement.

x) A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "Featured Merchants" promotional rotation in the Flowers & Gifts department of the WebCrawler Shopping Channel in [****] rotations during each year of the term of the Agreement, [****] every [****].

b) During the [****] of the Agreement, Client will be included in Excite's promotions of merchants with comparable sponsorship commitments, such as Excite's Holiday Gift Guide promotion, a possible Gift Reminder Service, a possible Personalized Gift Finder or other comparable promotions.

2. "TRY THESE FIRST" AND "SHORTCUTS" LINKS

a) In the event that Client and Excite agree to include Client in the "Try These First" and/or "Shortcuts" programs, Client will create a co-branded version of the Client Site (the "Co-Branded Area"). Each page in the Co-Branded Area will display the name and/or brands of Client and Excite ("the Excite Co-Branded Area" or "the WebCrawler Co-Branded Area"). Client will create and maintain the Co-Branded Area in a manner consistent with Excite's then-current guidelines for Co-Branded Areas including, but not limited to, the display, appearance and placement of the parties' respective names and/or brands and of advertising displayed on the Co-Branded Area.

b) The Co-Branded Area will be hosted by the Client. Client will have sole responsibility for providing and maintaining, at its expense, the Co-Branded Area and any updates thereto.

c) Each page in the Co-Branded Area will include one or more links to the Excite Network. Excite will supply Client with the URLs for these links.

d) Client will not sell or barter advertising on the Co-Branded Area to Excite's competitors including, but not limited to, [****] , or any other Web site promoting itself as a provider of Internet search and navigation services. Within five (5) business days of receiving Excite's written notice, Client will remove any advertising from Excite's competitors displayed on the Co-Branded Area.

e) Other than updates to the content and to advertising displayed on the Co-Branded Pages, Client will not change the Co-Branded Area without Excite's prior consent, which consent will not be unreasonably withheld.

f) Excite may, upon fifteen (15) days prior notice to Client, request reasonable revisions to the Co-Branded Area as needed to reflect changes

that will not adversely affect Client, such as changes to Excite's name and/or brand or changes to the URLs for the links to the Excite Network. Client will use reasonable efforts to accommodate Excite's requested changes within fifteen (15) days from receipt of such notice.

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g) A text link to the Excite Co-Branded Area will be displayed in the "Try These First" section on Excite Search results pages in response to the following keywords: [****]. The text link will be no more than twenty-five (25) characters in length, will consist of a "call to action" based on a special promotion relevant to the holiday (such as [****] as opposed to a generic solicitation to [****] and will not include [****]. All text links will be prepared by Client and be subject to Excite's sole approval. The text link will link to a page in the Excite CoBranded Area which displays content and/or transaction opportunities responsive to the call to action in the text link. Excite will have sole control over the "look and feel" of the text links including, but not limited to, the display, appearance and placement of the text links on the Excite Search results page.

h) A link to the WebCrawler Co-Branded Area will be displayed as a "Shortcut" on WebCrawler search results pages in response to the following keywords: [****]. The link will include text of no more than twenty-two (22) characters in length which consists of a "call to action" based on a special promotion relevant to the holiday (such as [****] as opposed to a generic solicitation to [****] and may include the display of Client's logo. All links will be prepared by Client and be subject to Excite's sole approval. The link will link to a page in the WebCrawler Co-Branded Area which displays content and/or transaction opportunities responsive to the call to action in the text portion of the link. Excite will have sole control over the "look and feel" of the links including, but not limited to, the display, appearance and placement of the links on the WebCrawler search resultspage.

i) At the present time, reports on the number of displayed "Try These First" or "Shortcut" links are not available. In the event that such reports are made available to advertisers and sponsors, Excite will provide them to Client.

j) Excite reserves the right to modify or eliminate the "Try These First" and/or "Shortcut" functions and to modify its guidelines for Co-Branded Areas.

3. SPONSORSHIP OF THE EXCITE LIFESTYLE CHANNEL

A link to the Client Site (consistent with the format used on

similar links on the same page) will be displayed in the Family, Holidays, and Relationships departments of the Excite Lifestyle Channel in a promotional area in the left sidebar of these pages being developed by Excite (or in an equivalent promotional area) when launched and for the duration of the term of the Agreement.

4. SPONSORSHIP OF THE EXCITE SPORTS CHANNEL

A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "Exciting Stuff' promotional rotation on the home page of the Excite Sports Channel in [****] rotations centered on Valentine's Day, Mother's Day and Easter during each year of the term of the Agreement.

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5. SPONSORSHIP OF THE EXCITE SMALL BUSINESS AREA

a) The parties recognize that Excite is currently in the process of developing personalization functionality for the Excite Small Business Area which will allow a user to display a set of links to certain merchants offering services of interest to the user. The user will be able to select the merchants displayed from a list of participating merchants determined by Excite. The user will also be able to delete the entire listing from his or her personalized page. For the purposes of this Agreement, this planned functionality (or comparable functionality in the Excite Small Business Area) will be referred to as the "Business Services Module".

b) When Excite implements the Business Services Module, Excite will display a link to the Client Site in the default configuration of the Business Services Module (consistent with the format used on similar links in the module) in periods centered on Valentine's Day, Mother's Day and Easter during each year of the term of the Agreement. Client will also be included in the listing of participating merchants from which users may choose to include in the Business Services Module for the remainder of the term of the Agreement. Client's participation in the Services Module will be subject to Excite's guidelines generally applicable to similar participating merchants.

c) Due to the user's control over the listing displayed in the Business Services Module and whether the Business Services Module will appear at all in a user's personalized page, the parties acknowledge that Excite cannot guarantee the number of times Client's link in the Business Services Module will be displayed.

6. SPONSORSHIP OF THE WEBCRAWLER HOME & FAMILY CHANNEL

A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the WebCrawler Home & Family Channel in a promotional area being developed by Excite (or in an equivalent promotional area) when launched and for the duration of the term of the Agreement.

7. LINK IN PERSONALIZED EXCITE FRONT PAGE "SERVICES" MODULE

a) The parties recognize that Excite is currently in the process of developing functionality for the front page of the Excite Site which will allow a user to display a set of links to certain merchants offering services of interest to the user. The user will be able to select the merchants displayed from a list of participating merchants determined by Excite. The user will also be able to delete the entire listing from his or her personalized front page. For the purposes of this Agreement, this planned functionality (or comparable functionality in the personalized front page of the Excite Site) will be referred to as the "Services Modules".

b) When Excite implements the Services Module, Client will be included in the list of participating merchants from which users may choose to include in the Services Module. Client's participation in the Service Module will be subject to Excite's guidelines generally applicable to similar participating merchants.

c) Due to the user's control over the listing displayed in the Services Module and whether the Services Module will appear at all in a user's personalized front page, the parties acknowledge that Excite cannot guarantee or estimate the number of times Client's link in the Services Module will be displayed.

8. SPONSORSHIP OF THE WEBCRAWLER HOME PAGE

A link to the Client Site (consistent with the format used on similar links on the same page) will be displayed in the "A Word From Our Sponsors" promotional area on the home page of the WebCrawler Site during mutually determined periods during the term of the Agreement. Client will comply with Excite's then-current guidelines regarding "A Word From Our Sponsors" promotional placements.

9. ADVERTISING ON THE EXCITE SITE AND THE WEBCRAWLER SITE

a) Excite will display Client's banner advertising on Excite Search results pages in response to the following keywords: [****].

b) Excite will display Client's banner advertising on WebCrawler search results pages in response to the following keywords: [****].

c) Excite will display Client's banner advertising in rotation

on the Excite Site and the WebCrawler Site as follows:

i) Excite Lifestyle Channel

ii) Excite Small Business Area

iii) Excite People & Chat Channel

iv) WebCrawler People & Chat Channel

v) WebCrawler Home & Family Channel

vi) WebCrawler "Horoscopes" pages

vii) WebCrawler Relationships Channel

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CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION, PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED.

EXHIBIT 10.9

DEVELOPMENT AND HOSTING AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into as of the 18th day of June, 1999 (the "Effective Date"), by and between Fry Multimedia, Inc., a Michigan corporation, with offices at 3971 South Research Park Drive, Ann Arbor, Michigan 48108 ("Fry"), and 800-Gifthouse, Inc. a New York corporation, with offices at 1600 Stewart Avenue, Westbury, New York 115901 ("Client").

Recitals

WHEREAS, Fry is in the business of offering Internet services relating to, among other things, development, maintenance and hosting of Internet sites, including those on the World Wide Web portion of the Internet;

WHEREAS, Fry has, and continues to, provide Internet development, maintenance and hosting services to Client; and

WHEREAS, Client owns various web sites, including without limitation at the domains www.1800flowers.com, www.plowhearth.com and www.bloomlink.net and from time to time will develop, own and operate other web sites (collectively, the "Client Sites");

WHEREAS, Client desires to engage Fry to continue to provide, and Fry desires to continue to be engaged by Client, to provide such services with respect to the Client Sites on the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, Fry and Client (each a "Party," collectively, the "Parties") hereby agree as follows:

1. Fry Services. Fry agrees to provide to Client the development, maintenance and hosting services set forth in this Agreement (the "Services"). Each [****], by on or about [****], Client shall submit to Fry a written plan with the proposed development, maintenance and hosting requirements of Client for the [****] period commencing [****] of that year. Within [****] days of receipt of such plan, Fry shall respond to Client in writing with respect to its capacity, pricing (on a fixed-price basis unless otherwise specified) and timetable for each of the development, maintenance and hosting services for such upcoming year (provided that pricing as to all hourly rates shall not increase as to any service or item at more than at the rate of [****] during the most recent [****] month period). Client and Fry shall then negotiate in good faith to agree upon a final plan for such period and upon execution by each party of such plan and the Specifications, Deliverables (each as defined below), terms and conditions thereof shall become an exhibit to this Agreement and incorporated herein as the "Annual Plan." In addition to the Annual Plan, Client may request additional services from Fry and Fry shall provide such additional services as set forth in this Agreement. With respect to the period from the date hereof until [****] or such later date as the next Annual Plan shall be

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agreed upon by the parties, the Annual Plan attached as Exhibit A hereto shall be deemed to be the current Annual Plan hereunder. In the event for any reason that the Annual Plan for a year is not agreed upon by the parties by [****] of any year, the Annual Plan then in effect (for the prior period) shall remain in effect until the new Annual Plan is agreed upon.

2. Development Services.

2.1 Specifications; Deliverables, Pricing and Timetable. Fry shall perform the development services set forth in the Annual Plan in accordance with the specifications (the "Specifications"), deliverables (the "Deliverables"), pricing and timetable therefor contained in the Annual Plan, or if Client desires to engage Fry for the provision of any other development services from time to time, in a project brief negotiated in good faith by the parties containing such information (each a "Project Brief") in the form attached hereto as Exhibit B as mutually agreed by the parties. Each fully executed Project Brief shall be incorporated into the then applicable Annual Plan and shall be subject to the terms and conditions of this Agreement (except as specifically superseded by the relevant Project Brief).

2.2 Acceptance Testing. Promptly after the delivery of any Deliverable, Client shall test the Deliverable (the "Acceptance Tests") for up to [****] business days to determine whether the Deliverable: (i) performs in accordance with the Specifications and without failure in all material respects and (ii) operates with internal consistency. In the event that the Deliverable is accepted by Client, Client shall notify Fry in writing that it accepts the Deliverable, and the date of such written notification (the "Acceptance Date ") shall be the date on which Fry shall be entitled to invoice the payment for the Deliverable. In the event that any Deliverable is not accepted, Client shall provide written notice to Fry describing the deficiency in sufficient detail to allow Fry to attempt to correct the deficiency. After receiving written notice of a deficiency, Fry will exert its best efforts to correct the deficiency so that the Deliverable: (i) performs appropriately and repetitively without failure in all material respects and (ii) operates with internal consistency. The acceptance procedure in this Section 2.2 will be repeated with respect to the revised Deliverable to determine whether it is acceptable to Client, unless and until Client issues a final rejection of the revised Deliverable after rejecting the Deliverable on at least [****] prior occasions. If Client issues such a final rejection of the revised Deliverable or notifies Fry in writing that it chooses to not proceed with development due to failure of Fry to deliver a Deliverable within [****] days of the due date therefor in the project schedule, Fry shall promptly refund to Client any fees paid by Client for such Deliverable. In the event that any Deliverable or revised Deliverable is not rejected in writing and delivered to Fry within [****] business days after delivery, the Deliverable or revised Deliverable shall be deemed accepted by Client and Fry shall be entitled to invoice Client for payment therefor. In the event that any Deliverable or revised Deliverable is finally rejected, it shall be returned with all copies to Fry at the time of rejection.

2.3 Limited Warranty. Fry warrants to Client that each Deliverable shall perform and operate in accordance with the Specifications therefor for a period of [****] following their acceptance by Client.

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2.4 Ongoing Consultation. Fry agrees to consult, strategize and coordinate with Client, throughout the provision of Fry's services hereunder to ensure Client's satisfaction with and approval of each aspect of its development services and Deliverables.

3. Proprietary Rights and Confidentiality.

3.1 Work for Hire; Assignment. Except for Fry Material, Fry agrees that all the results and proceeds of Fry's work on or for Client or its affiliates, including relating to any of the Client Sites, and the content of the Client Sites itself, shall be owned exclusively by Client (or Client's designee), including the copyright and other intellectual property rights thereto (including the look and feel and user interface portions of any work). Fry agrees that all work performed under this Agreement (and the results thereof) shall be deemed as "work for hire," of which Client shall be deemed the author, to the extent such works qualify as such in accordance with applicable law. In the event, for any reason, any such results or proceeds are not qualified as work for hire, Fry hereby irrevocably assigns to Client all of its right, title and interest in such results and proceeds and content to Client. Fry agrees that Fry (and his affiliates or subcontractors) will sign all papers and do all acts reasonably necessary or desirable for Client to perfect such

ownership rights, provided that Fry shall not be responsible for the payment of any filing fees or other out-of-pocket costs associated with perfection of such ownership rights. Fry hereby irrevocably transfers and assigns to Client any and all Moral Rights that it may have in any of the services or work. Fry also hereby forever waives and agrees never to assert against Client, its successors or licensees, any and all Moral Rights Fry may have in any Services or work hereunder (except for Fry Material), even after expiration or termination of this Agreement. "Moral Rights" means any right to claim authorship of a work, any right to object to any distortion or other modification of the work, and any similar right, existing under the law of any country in the world or under any treaty.

3.2 Fry Material. Fry hereby grants to Client and its sublicensees, successors and assigns a nonexclusive, perpetual and irrevocable license to use the software or materials owned by Fry which is used to maintain, update, edit, modify, terminate, redesign and otherwise operate and service the Client Sites and any version or derivation thereof, without further payment ("Fry Material"), but only to the extent necessary to maintain, update, edit, modify, terminate, redesign and otherwise operate and service the Client Sites (wherever hosted) developed as a result of work directly performed and delivered under this Agreement, including without limitation any back-up, mirrored or disaster recovery sites or servers.

3.3 Third Party Licensed Material. Attached as Exhibit C is a complete inventory of the third-party software (including version numbers) used or needed to maintain, update, edit, modify, terminate, redesign and otherwise operate and service the Client Sites and a breakdown between software directly licensed by Client and software licensed by Fry. This exhibit will be updated by Fry (and to the extent of its knowledge, by Client) from time to time as soon as practicable after such software inventory changes. In the event Client desires to be a direct licensee of any software on Exhibit C for which it is not the direct licensee, Fry shall arrange for Client to be a direct licensee of such software at Client's expense. Client (or Fry as applicable) shall have perpetual irrevocable licenses to all software listed on Exhibit C (except as otherwise indicated on Exhibit C), as the same shall be modified and supplemented from time to time.

3.4 Proprietary Rights of Client; Domain Names. As between Client and Fry, all data, information and other property, tangible and intangible, provided by or created on behalf of Client or its subcontractors or information providers, including without limitation software (including algorithms and source code), firmware and hardware, technical processes and formulas, source codes, product designs, sales data, store data, product data, transaction data, customer data, usage data, advertising data, cost and pricing data, other non-publicly disclosed financial information, product information, product, marketing and business plans, advertising revenues and relationships, usage rates, projections and marketing data and all other data received, transmitted or stored on behalf of Client. or relating to Client and/or Client Sites or those of its affiliates ("Client Content") shall remain the sole and exclusive property of Client, including, without limitation, all copyrights, trademarks, patents, trade secrets and any other proprietary rights therein. Nothing in this Agreement shall be construed to grant Fry any ownership right in, or license to, the Client Content. Fry shall assist Client at Fry's standard charges (plus third party registration fees) in obtaining domain names (and, if applicable, Internet Protocol addresses) but shall ensure that Client's designated employee is named as the Administrative Contact for each such registration on behalf of Client.

3.5 Client's Ownership. Client shall be the exclusive owner of the Client Sites and all aspects thereof, except as set forth in Sections 3.2 and 3.3 above. Client shall have the right to modify, edit, destroy, license, exploit or use the Client Sites in any way, without compensation or consultation with Fry. Fry shall have no obligation to repair, modify or maintain the Client Sites to the extent that Client's use of such component of the Client Sites is in violation of law or regulation.

3.6 Confidentiality. Fry acknowledges that Client has provided Fry to date with extensive confidential information concerning its business, procedures, plans, and other confidential information and each party agrees that during the course of this Agreement, that such confidential information and other information that is confidential or proprietary may be disclosed to the other party, including, but not limited to all software (including without limitation source code (including algorithms) written on behalf of Client by Fry, except as otherwise provided herein), technical processes and formulas, source codes, product designs, sales data, store data, product data, transaction

data, customer data, usage data, advertising data, cost and pricing data, other non-publicly disclosed financial information, product information and product and business plans, , advertising revenues and relationships, usage rates, projections and marketing data and all other data received, transmitted or stored on behalf of Client. or relating to Client and/or Client Sites or those of its affiliates, ("Confidential Information"). Confidential Information shall not include information that the receiving party can demonstrate (a) is, as of the time of its disclosure, or thereafter becomes part of the public domain through a source other than the receiving party, (b) was known to the receiving party as of the time of its disclosure, (c) is independently developed by the receiving party w/o use of the Confidential Information, or (d) is subsequently learned from a third party not under a confidentiality obligation to the providing party. Except as provided for in this Agreement, each party shall not make any disclosure of the Confidential Information to anyone other than its employees who have a need to know in connection with this Agreement. Each party shall notify its employees of their confidentiality obligations with respect to the Confidential Information and shall require its employees to comply with these obligations. In the event that either Party is compelled by law (whether through court order or subpoena) to disclose Confidential Information, the disclosing

Party shall provide the other Party with notice of such compelled disclosure and a reasonable opportunity to contest it and shall seek a protective order. In the event that a Party divulges or seeks to divulge or otherwise improperly use any such Confidential Information, the other Party shall have the right, in addition to any other remedies available to it, to seek injunctive relief to enjoin such acts, it being specifically acknowledged by the Parties that any other remedies are inadequate. The confidentiality obligations of each party and its employees shall survive the expiration or termination of this Agreement. The particular terms and conditions of this Agreement are confidential and shall not be disclosed by either party without the prior written consent of the other party (except as deemed necessary or appropriate by counsel to Client to comply with securities and other applicable laws or as required pursuant to judicial or other government order provided that notice of such order is given to the other party promptly after its receipt). Except for mutually agreeable press releases (with each party's prior written consent, which shall not be unreasonably withheld or delayed), no public announcements relating to this Agreement shall be issued by either party. Notwithstanding anything stated herein, the parties agree to allow each other to issue individual press releases announcing the relationship initiated or continued hereunder and as appropriate to cooperate in other joint promotional opportunities and announcements.

3.7 Grant of License -- Client. Client hereby grants to Fry a non-exclusive, worldwide, royalty-free license for the Initial Term and any Renewal Term (as those terms are hereinafter defined) to edit, modify, adapt, translate, exhibit, publish, transmit, participate in the transfer of, reproduce, create derivative works at Client's direction from, distribute, perform, display and otherwise use Client Content as necessary to render the Services to Client under this Agreement. In no event will Fry remove or alter any proprietary notice of Client, or any third party, contained on any of the Client Sites without the prior written consent of Client.

3.8 Grant of License -- Fry. Fry hereby grants to Client a limited, non-exclusive, non-transferable perpetual license to make use of Fry Materials which are incorporated in the Client Sites and which are required for the operation of the Client Sites solely to operate the Client Sites on the Fry Server as well as on any back-up, disaster recovery or mirrored servers and web sites of Client or its affiliates whether hosted by Fry, Client or by a third party. Fry hereby reserves for itself all rights in and to the Fry Materials not expressly granted to Client in the immediately foregoing sentence. In no event shall Client use any trademarks or service marks of Fry without Fry's prior written consent.

4. Hosting, Communications and Maintenance Services

4.1 Hosting Services. Fry agrees to provide Client with services for hosting of each of the Client Sites specified in the Annual Plan. Fry shall provide the hosting services in a professional, workmanlike manner, and high grade of service, so that the Client Sites are accessible to third parties via the Internet as specified herein and in the Configuration.

4.2 Availability of the Client Sites. Unless otherwise indicated on Schedule 1.2 hereto, the Client Sites shall be accessible to third parties and Client via the Internet and otherwise as specified in the Annual

Plan or the Configuration twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance and required repairs

during such non-Key Time Periods as Client and Fry mutually agreed in advance ("Scheduled Maintenance").

4.3 Updates. As part of the hosting Services, Fry shall provide Client with a system and the necessary software to allow Client to transmit revisions, updates, deletions, Deliverables or modifications (the "Updates") to a staging server designated and maintained by Fry (the "Staging Server"). Fry shall update the Fry Server with the Updates according to a written schedule agreed upon by Client and Fry and contained in the Annual Plan.

4.4 Proprietary Rights of Client. As between Client and Fry, Client Content shall remain the sole and exclusive property of Client, including, but not limited to data generated by the Client Sites such as Client, end user and usage data. Nothing in this Agreement shall be construed to grant to Fry any ownership right in, license to, or authority to edit, modify or adapt the Client Content provided by Client to Fry.

4.5 Access and Security. Fry shall maintain a secure room(s) in which all of Client's equipment and data shall be located and stored (the "Client Area"). Access to the Client Area shall be limited by Fry solely to (i) the individuals identified and authorized by Client to have access to the Client Area in accordance with this Agreement, as identified in the writing to Fry, as amended from time to time, which is hereby incorporated by this reference (the "Representatives") and Fry's engineers, senior engineers, system administrators, equivalent systems personnel and senior management (and as necessary and with appropriate supervision, other service personnel) authorized by Fry based on their need to have access to perform the services hereunder. Representatives shall have access to the Client Area and any other location in where any Client equipment or data is located twenty-four (24) hours a day, seven (7) days a week.

4.6 Backup; Redundancy. Fry shall provide Client at all times with the equipment, software, communications capacity and carriers and power backup and redundancy set forth in the Configuration attached hereto as Exhibit D, provided that in any event Fry shall always provide Client with sufficient local generator backup power capacity to fully operate all of Client's equipment and each of the Client Sites for at least [****] consecutive hours. The parties acknowledge that Fry currently has [****] under construction in [****] and that Fry shall use its best efforts to provide complete redundancy for each of the Client Sites (and all related data and Client Content) in at least one such facility as soon as possible and in accordance with the Annual Plan and Configuration, but not later than [****].

All Client data and customer data and all transaction and other data generated by any of the Sites (including all Client Content contained on or generated by any of the Sites) , directly or indirectly, will be copied and stored off-site by Fry (or through a subcontractor to be identified by Fry and approved by Fry) on at least weekly basis with a third-party fireproof storage facility.

4.7 Communications Services. Fry shall provide the communications services and capacities set forth in the Annual Plan and Configuration.

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4.8 Client Equipment. Fry acknowledges that the computer hardware and other tangible equipment listed on Exhibit E hereto is owned by Client and shall be returned unencumbered to Client in good working order (ordinary wear and tear excepted) promptly upon Client's request; provided however if any such equipment is leased by Client from a third party, Fry shall cooperate with Client with respect to the return and safekeeping of such equipment as required by the lessor.

4.9 Maintenance, Error Correction and Support Obligations.

(a) Definitions.

Authorized Caller. "Authorized Caller" means a person or persons designated by Client as the technical/engineering support interface for the Work performed hereunder or any of the Client Sites.

Designated Support Engineer. "Designated Support Engineer" means a person or persons designated by Fry as the technical/engineering support interface for the Work performed hereunder or any of the Client Sites.

End User. "End User" means a customer or other user of any of the Client Sites.

Error. "Error" means a defect in the Services performed or provided under this Agreement or in the operation of any of the Client Sites which causes such Services performed hereunder or the performance of any of the Client Sites not to function substantially in conformance with the documentation, end user documentation, or other related documentation, including without limitation any functional documentation or other engineering documentation for the Services performed hereunder or in any of the Client Sites, or commonly accepted operating principles as defined by industry standards. Errors are classified as follows:

Severity 1: System or subsystem failure which results in a critical impact to business operations. No viable workaround is known to Client.

Severity 2: Critical System or subsystem service interruption or degradation creating difficulty in the execution of a material function. Client acceptable workaround is available.

Severity 3: Significant system or subsystem problems which prevent some material functions from meeting the Specifications. Some business operations are impaired, but the system and subsystems continue to function. Client acceptable workaround is available.

Severity 4: Failure to perform in substantial accordance with the Documentation, but not a Severity 1-3 Error.

Severity 5: Deliverable requests for hardware, software, manuals or services.

Incident. "Incident" means a situation which necessitates an End User to contact Client for assistance.

Problem. "Problem" means the perceived failure or functional impairment that causes reduced functionality to the Work performed hereunder or in any of the Client Sites.

Problem Priorities. "Problem Priorities" classify the criticality of a problem at a Client site. Problem Priorities are assigned at the time of Client's initial contact with Fry. Problem Priorities may be changed based upon new information or Client situation. Problem Priorities refer the classification of the Incident, not any resulting Error which may be identified during the resolution of the Incident. Problem Priorities are classified as follows:

Severity 1: Client is "hot"; there is risk of losing business.

Severity 2: Client "temperature is rising"; there is potential risk of losing actual or future business.

Severity 3: The problem is impacting the Client's day to day business; there is no risk of losing business.

Severity 4: The problem is not currently impacting the Client's day to day business, but may in the future; there is no risk of losing business.

Repair. "Repair" means the repair or replacement of a

Work performed hereunder or in any of the Client Sites or part.

Technical Support Levels. "Level" means a certain class of service provided to authorized resellers and end users. Definitions are as follows:

Level One: First call support on all Client calls; technical support staff answers technical inquiries regarding Work performed hereunder or in any of the Client Sites, performs Work performed hereunder or in any of the Client Sites installation and configuration support, provides broad troubleshooting expertise.

Level Two: Specialist level technical support; technical support/escalation staff performs Problem isolation and replication, lab simulations and interoperability testing, provides remote diagnostics capabilities and on-Client Sites troubleshooting, if required, and implements a solution for a Problem that is not the result of a Work performed hereunder or in any of the Client Sites Error. In the case of a Work performed hereunder or in any of the Client Sites Error, the technical staff is able to identify the source of the Error, create a reproducible test case, and document the details of the Error for escalation to Fry.

Level Three: Backup engineering and technical support; staff isolates a Work performed hereunder or in any of the Client Sites error and implements a solution through a Work performed hereunder or in any of the Client Sites change.

Workaround. A "Workaround" is a feasible change in operating procedures whereby an end user can avoid any deleterious effects of an Error.

(b) Error Correction. Client and Fry shall promptly agree in good faith to any information and/or documentation which may be required to permit Fry to identify and resolve Errors (meaning to correct the Error to restore compliance with specifications and Documentation) in any of the Services performed hereunder or in any of the Client Sites. The Error correction period begins after Fry (a) has enough information to profile the Error and (b) can recreate the Error or has access to a facility where the Error can be recreated. Fry agrees to respond to identified Errors based on the following time-table:

Severity 1 Errors. Fry shall use best efforts to resolve or reduce the severity via Workaround and/or patch within [****] (during any Key Time Period and [****] during any non-Key Time Period) of receipt of notice of such Error and use best efforts to resolve the Error within [****] days of receipt of notice of such Error. Fry shall provide its action plan within [****] days of such notice, and shall provide regular status updates. A final engineering resolution shall be identified in the action plan. Client and Fry problem managers shall review the incident after such [****] day period.

Severity 2 Errors. Fry shall use best efforts to resolve or reduce the severity via Workaround and/or patch within [****] (during any Key Time Period and [****] during any non-Key Time Period) of receipt of notice of such Error and use best efforts to resolve the Error within [****] days of receipt of notice of such Error. Fry shall provide an action plan within [****] days of such notice, and provide regular status updates. Client and Fry problem managers shall review incident after [****] days. A final engineering resolution shall be identified in the action plan. A final engineering resolution shall be identified in the action plan. Client and Fry problem managers shall review the incident after such [****]day period.

Severity 3 Errors. Fry shall use reasonable commercial efforts to resolve or reduce the severity via Workaround and/or patch within [****] ([****] during any non-Key Time Period) of receipt of notice and use best efforts to resolve within [****] days of receipt of notice. Fry shall provide an action plan within [****] days of such notice, and provide regular status updates. Client and Fry problem managers shall review incident after [****] days. A final engineering resolution shall be identified in the action plan. A final engineering resolution shall be identified in the action plan. Client and Fry problem managers shall review the incident after such [****]day period.

Severity 4 Errors. Fry shall use reasonable commercial efforts to resolve or reduce the severity via Workaround and/or patch within [****] ([****] during any non-Key Time Period) of receipt of notice and use best efforts to resolve within [****] days of receipt of notice. Fry shall provide an action plan within [****] days of such notice, and provide regular status updates. Client and Fry problem managers shall review incident after [****] days. A final engineering resolution shall be identified in the action plan. A final engineering resolution shall be identified in the action plan. Client and Fry problem managers shall review the incident after such [****] day period.

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Severity 5 Errors. Fry shall use its reasonable commercial efforts to acknowledge the Error within [****] days of receipt of notice of such Error. A final engineering resolution will be determined and scheduled through mutual agreement.

(c) Technical Support

(i) Support Issues. Client is responsible for providing Level One support services to its end users. Fry shall provide Levels One, Two and Three back-up technical support to Client, and shall make support available to Client via telephone to Client's Authorized Caller(s). Client agrees to use reasonable commercial efforts to ensure that no more than [****] Client's Authorized Callers will be requesting support from Fry at any given time. Fry will provide such support 24 hours a day seven days a week every day of the year. .

The Authorized Callers and Designated Support Engineers will be the primary contacts between Client's and Fry's technical support and/or escalation centers. Client will provide a list of Authorized Callers including names, address, phone numbers, and internet e-mail address. Fry will provide a list of Designated Support Engineers.

(ii) Resolution of Support Issues. In the event that Client cannot successfully resolve any Problem, Client may request assistance from Fry. Fry will not contact or provide direct support to Client's end users with respect to the Work performed hereunder or in any of the Client Sites pursuant to this Agreement. Fry will provide an initial response acknowledging receipt of the support request to all Client support inquiries within four hours of receipt and Client and Fry will agree, in good faith, what additional information and/or documentation will be required for resolution. Technical support managers and engineers for each party will work in good faith to devise and carry out an action plan that will provide a timely and satisfactory resolution. Fry shall work with Client in attempting to reproduce any such problem.

5. Client Content.

5.1 Accuracy and Review of Client Content. Client assumes sole responsibility for: (a) acquiring any authorization(s) necessary for hypertext links to third-party Web sites; and (b) the accuracy of materials provided to Fry, including, without limitation, Client Content, descriptive claims, warranties, guarantees, nature of business, and address where business is conducted; and (c) ensuring that the Client Content does not infringe or violate any right of any third party.

5.2 Limitations on Client Content. Client shall use reasonable commercial efforts to provide Client Content that does not contain any content or materials which are obscene, malicious, which infringe on or violate any applicable law or regulation or any proprietary, contract, moral, privacy or other third-party right, or which otherwise expose Fry to civil or criminal liability.

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6. Fees and Taxes.

6.1 Maintenance Fees. To the extent that Fry is to provide Maintenance under Exhibit A hereto, Client shall pay for all Maintenance-related tasks as provided in Exhibit A hereto.

6.2 Out-of-Pocket Expenses. Client shall pay, or reimburse Fry, upon receipt of appropriate receipts and documentation, for any reasonable out-of-pocket expenses, including, without limitation, travel and travel-related expenses, incurred by Fry in connection with the performance of the Services; provided, however, that any single expense in excess of [****] shall require the prior written approval of Client.

6.3 Additional Service Fees. Unless otherwise agreed to by the Parties in a Project Brief or Annual Plan, Client shall pay to Fry all fees for Additional Services on a time and materials basis as invoiced by Fry.

6.4 Late Payment. Client shall pay to Fry all fees not specifically itemized on Exhibit A within [****] days of receipt of the applicable Fry invoice. If Client fails to pay any fees within [****] days of any written late payment notice from Fry, late charges of the lesser of [****] per month or the maximum allowable under applicable law shall also become payable by Client to Fry.

6.5 Taxes. Client shall pay or reimburse Fry for all sales, use, transfer, privilege, excise and all other taxes and all duties, whether international, national, state or local, however designated, which are levied or imposed by reason of the performance by Fry under this Agreement; excluding, however, income taxes which may be levied against Fry.

6.6 [****]

7. Exclusivity. Except with the prior written consent of Client, Fry agrees that during the term of this Agreement and for two (2) years thereafter Fry shall not provide any development, maintenance, hosting or related services to any person or entity providing floral products or engaged in the floral and/or gardening industries except for Client and Client's affiliates.

8. Insurance. Fry agrees to maintain at its expense the following insurance policies during the term of this Agreement and for two years thereafter: commercial general liability coverage of at least [****] million and Internet professional liability coverage of at least [****] million (and shall name Client as an additional insured thereunder); provided, however, that upon the signing hereof, such coverage amounts may be [****] million, but shall be increased to the [****] million level by [****]. In addition, Fry shall maintain appropriate workman's compensation and all other policies required by law. Upon the signing hereof and

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any increase in coverage amount referred to above, Fry shall provide Client with certificates of insurance evidencing the foregoing.

9. Fry Warranties.

(a) General Warranties. Fry represents and warrants that: (i) Fry has the power and authority to enter into and perform its obligations under this Agreement, (ii) Fry's Services under this Agreement shall be performed in a professional workmanlike manner with the degree of skill and care that is required by current, good and sound professional procedures and practices and in conformance with generally accepted professional standards for the completion of such work prevailing at the time, (iii) that it owns all rights of any nature in the Fry Material without encumbrance and has the right to grant to Client the rights and licenses granted herein and that neither any design nor programming, nor any other material or facet added to the Client Sites by Fry (provided that Fry makes no representations with respect to material provided by Client) infringes any person or entity's copyright, trademark, patent or other proprietary right, is libelous, an invasion of privacy, obscene or otherwise violates any law or right of any person or entity,

or contains any recipe, formula or instruction harmful to any person or property; (iv) that all Services and property as delivered by Fry is and shall, during the Initial Term and any Renewal Term, and for a period of [****] thereafter, remain free of any (a) back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of the warranting party or (b) any virus, Trojan horse, worm, or other software routine or hardware component designed to permit unauthorized access, to disable, erase, modify or otherwise harm any software, hardware or data or to perform any other such actions and (v) that all software, firmware and hardware delivered to Client or used by Fry in connection with any of the Client Sites will, except to the extent covered by a third party manufacturer's year 2000 compliance warranty disclosed in advance to Client in writing and accepted by Client, (1) correctly handle date information before, during, and after January 1, 2000 including accepting date input, providing date output and performing calculation on dates or portions of dates; (2) function accurately and without interruption before, during, after and including January 1, 2000 without changes in operation associated with the advent of the new century assuming correct configuration; (3) respond to two digit date input in a way that resolves the ambiguity as to century in a disclosed, defined and pre-determined manner; (4) store and provide Output of date information in ways that-are unambiguous as to century; (5) correctly manage the leap years occurring in the year 2000 and subsequently; and (6) use fields providing at least four decimal digits for the year portion of all stored dates.

(b) Service Level Warranty. In the event Client experiences any of the following which is not as a result of any actions or inactions of Client or any third parties not under control of Fry (including Client Equipment and third party equipment), Fry will credit Client's account as described below:

(i) Inability to Access the Internet (Downtime). If Client is unable to transmit or receive information from Fry's Internet Data Center (i.e., Fry's LAN and WAN) to other portions of the Internet because Fry failed to provide the Internet Data Center Services for more than [****] ("Internet Access Failure"), Fry will credit Client's account an amount equal to [****] of the [****]

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then paid by Client under this Agreement ([****] (meaning the [****] days prior to and the day of the following days each year in the United States: Thanksgiving, Christmas, Valentines Day, Easter, Secretary's Day, and Mothers Day)) for each such [****] (but such credits in any given [****] shall not exceed the [****] due for such [****]). Fry's Scheduled Maintenance of shall not be deemed to be a failure of Fry to provide the hosting Services hereunder. For purposes of the foregoing, "unable to transmit or receive" shall mean sustained packet loss in excess of [****] based on Fry's reasonable measurements.

Fry shall continue to provide Client with real-time reporting information concerning server performance and other relevant performance, transactional and processing data in the same manner as it currently provides to Client plus such additional information and reporting as the parties shall agree or as shall be contained in the Annual Plan.

(ii) Response Time and Equipment Availability. Fry shall respond as follows within the following minimum response times:

(1) Time to Discover; Inability to Access the Internet; Notification of Client. As soon as practicable, but within [****](during Key Time Periods and [****] during other times) of discovering the existence of an Internet Access Failure, Fry will determine whether the source of the an Internet Access Failure is limited to the Client Equipment and the Fry equipment connecting the Client Equipment to Fry's LAN ("Client Specific Failure"). If an Internet Access Failure is not a Client Specific Failure, Fry will determine the source of the Internet Access Failure as soon as practicable, but within [****] (during Key Time Periods, and [****] during other times) after determining that it is not a Client Specific Failure. In any event, Fry will notify Client of the source of an Internet Access Failure within [****] after identifying the source.

(2) Remedy of Inability to Access the Internet. If an Internet Access Failure remedy is within the sole control of Fry, Fry will remedy an Internet Access Failure as soon as practicable, but within [****] (during Key Time Periods, and [****] during other times) of determining the source of an Internet Access Failure . If an Internet Access Failure is caused from outside of the Fry LAN or WAN, Fry will notify Client and will use commercially reasonable efforts to promptly notify the party(ies) responsible for the source and cooperate with it(them) to resolve the problem as soon as possible.

(3) Failure to Determine Source and/or Resolve Problem. In the event that Fry is unable to determine the source of and remedy the Internet Access Failure within the time periods described above, Fry will credit Client's account the pro-rata connectivity charges for [****] of service for every failure to satisfy the above response time commitments ([****] days during Key Time Periods) and an extra day of credit for every [****] ([****] for non-Key Time Periods) in excess of the above time periods that it takes Fry to resolve the problem (but such credits in any given [****] shall not exceed the [****] due for such [****]).

(iii) Termination Option for Chronic Problems: If, in any thirty day period , Client would be able to receive credits totaling [****]

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resulting from [****] or more events, or if any single event entitling Client to credits under this Section exists for a period of [****] consecutive hours, then, Client may terminate this Agreement for cause and without penalty by notifying Fry no later than [****] business days following the end of such calendar month. Such termination will be effective on the date set by Client.

10. Client Warranties. Client represents and warrants that (a) Client has the power and authority to enter into and perform its obligations under this Agreement, (b) commencing as of the date of this Agreement Client Content does not and shall not contain any content, materials, advertising or services that are materially inaccurate or that infringe on or violate any applicable law, regulation or right of a third party, including, without limitation, export laws, or any proprietary, contract, or any other third-party right, (c) that Client owns the Client Content or otherwise has the right to place the Client Content on the Client Sites on which it is placed, (d) that its services, products, materials, data, information and Client Equipment used by Client in connection with this Agreement as well as Client's Equipment does not operate in any manner that would violate any applicable law or regulation in any material respect and (e) Client has obtained any authorization(s) necessary under law for hypertext links from the any Client Sites to other third-party Web sites.

11. Disclaimers of Warranty. EXCEPT FOR THE LIMITED WARRANTIES SET FORTH IN SECTIONS 9 AND 10 ABOVE, THE PARTIES MAKE NO WARRANTIES HEREUNDER, AND THE PARTIES EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

FRY DOES NOT AND CANNOT CONTROL THE FLOW OF DATA TO OR FROM FRY'S FACILITIES AND OTHER PORTIONS OF THE INTERNET. SUCH FLOW DEPENDS IN LARGE PART ON THE PERFORMANCE OF INTERNET SERVICES PROVIDED OR CONTROLLED BY THIRD PARTIES. AT TIMES, ACTIONS OR INACTIONS CAUSED BY THESE THIRD PARTIES CAN PRODUCE SITUATIONS IN WHICH CLIENTS' CONNECTIONS TO THE INTERNET (OR PORTIONS THEREOF) MAY BE IMPAIRED OR DISRUPTED. ALTHOUGH FRY WILL USE COMMERCIALLY REASONABLE EFFORTS TO TAKE ACTIONS IT DEEMS APPROPRIATE TO REMEDY AND AVOID SUCH EVENTS, FRY CANNOT GUARANTEE THAT THEY WILL NOT OCCUR. ACCORDINGLY, FRY DISCLAIMS ANY AND ALL LIABILITY TO THE EXTENT RESULTING FROM OR RELATED TO SUCH EVENTS.

EACH REPRESENTATIVE OF CLIENT AND ANY OTHER PERSONS VISITING THE INTERNET DATA CENTERS DOES SO AT ITS OWN RISK AND FRY ASSUMES NO LIABILITY WHATSOEVER FOR ANY HARM TO SUCH PERSONS RESULTING FROM ANY CAUSE OTHER THAN FRY'S NEGLIGENCE OR WILLFUL MISCONDUCT RESULTING IN PERSONAL INJURY TO SUCH PERSONS DURING SUCH A VISIT.

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12. Indemnification.

12.1 Client. Client will indemnify, defend and hold Fry, its affiliates and Clients harmless from and against any and all Losses resulting from or arising out of any Action brought by or against Fry, its affiliates or Clients alleging: (a) with respect to the Client's Business: (i) infringement or misappropriation of any intellectual property rights; (ii) defamation, libel, slander, obscenity, pornography, or violation of the rights of privacy or publicity; or (iii) spamming, or any other offensive, harassing or illegal conduct; or (b) any damage or destruction to Fry's facility or the equipment of Fry or any other client of Fry by Client or its Representatives (except for ordinary wear and tear).

12.2 Fry. Fry will indemnify, defend and hold Client harmless from and against any and all costs, liabilities, losses, and expenses (including, but not limited to, reasonable attorneys' fees) (collectively, "Losses") resulting from any claim, suit, action, or proceeding (each, an "Action") brought against Client alleging (i) if true, a breach of any of Fry's representations, warranties or agreements hereunder; (ii) the infringement of any third party copyright, patent, trademark or other intellectual property right resulting from the provision of the Services or (iii) personal injury to Client's Representatives from Fry's negligence or willful misconduct.

12.3 Notice. In claiming any indemnification hereunder, the indemnified party shall promptly provide the indemnifying party with written notice of any claim which the indemnified party believes falls within the scope of the foregoing paragraphs. The indemnified party may, at its own expense, assist in the defense if it so chooses, provided that the indemnifying party shall control such defense and all negotiations relative to the settlement of any such claim and further provided that any settlement intended to bind the indemnified party shall not be final without the indemnified party's written consent, which shall not be unreasonably withheld.

12.4 Limitation of Liability. NEITHER PARTY SHALL HAVE LIABILITY WITH RESPECT TO OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FOR CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

EXCEPT FOR CLIENT'S INDEMNIFICATION OBLIGATIONS UNDER [****], CLIENT'S AGGREGATE LIABILITY FOR ANY REASON AND UPON ANY CAUSE OF ACTION IN CONNECTION WITH THIS AGREEMENT SHALL BE LIMITED TO [****]. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION IN THE AGGREGATE, INCLUDING WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATIONS AND OTHER TORTS.

EXCEPT FOR FRY'S INDEMNIFICATION OBLIGATIONS UNDER SECTION [****] AND BREACHES OF SECTION [****] OR ANY OTHER INTELLECTUAL

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PROPERTY PROVISIONS OF THIS AGREEMENT, FRY'S AGGREGATE LIABILITY FOR ANY REASON AND UPON ANY CAUSE OF ACTION IN CONNECTION WITH THIS AGREEMENT SHALL BE LIMITED TO [****]. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION IN THE AGGREGATE, INCLUDING WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATIONS AND OTHER TORTS.

The parties agree that all of the limitations and exclusions of liability and disclaimers specified in this Agreement will survive and apply even if found to have failed of their essential purpose.

13. Termination and Renewal.

13.1 Term. This Agreement shall be effective when signed by

the Parties and thereafter shall remain in effect for two (2) years, unless earlier terminated as otherwise provided in this Agreement (the "Initial Term"). This Agreement shall automatically be renewed beyond the Initial Term for additional two (2) year terms (each, a "Renewal Term") unless Client provides Fry with a written notice of termination at least sixty (60) days prior to the expiration of the Initial Term or the then-current Renewal Term.

13.2 Should a Party breach this Agreement, the non-breaching Party shall provide the breaching Party with prompt written notice of such breach. Upon receipt of such notice, the breaching Party shall have thirty (30) days to cure such breach, unless the breach is of the confidentiality, license or ownership provisions of this Agreement, in which case the non-breaching Party may terminate this Agreement immediately upon written notice to the other party. If a breach of other than the confidentiality, license or ownership provisions of this Agreement is not cured within such cure period, the non-breaching Party may terminate this Agreement upon written notice to the breaching Party. Fry shall, at the Client's discretion, complete any work assigned or scheduled during the notice period in accordance with the terms and conditions of this Agreement. Subject to making the payments (except for the hold-back specified below) , Client shall own all the results and proceeds of Fry's Services rendered to the date of termination as "work for hire" in accordance with the terms hereof, and Fry shall promptly deliver all materials, information, documents, drafts and any other property secured, produced and/or developed by Fry pursuant to this Agreement, in full satisfaction of the Parties' obligations to each other under this Agreement. Regardless of termination under this or any other provision of this Agreement, Client shall be entitled, in its discretion, to continue, discontinue, modify, or change its plans regarding the Client Sites project.

13.3 All rights and licenses granted under or pursuant to this Agreement by Fry to Client are, and shall be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, 11 U.S.C. Section 101, et. seq. (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined under Section 101(56) of the Bankruptcy Code. The Parties agree that Client, as a licensee of such rights and licenses, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code, provided it abides by the terms of this Agreement including without limitation, payment of all sums due hereunder. The Parties

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further agree that, in the event that any proceedings shall be instituted by or against Fry seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking an entry of an order for relief for the appointment of a receiver, trustee or other similar official for it or any substantial part of its property, or Fry shall take any action to authorize any of the foregoing actions (each a "Proceeding"), Client shall have the right to retain and enforce its rights under this Agreement including, but not limited to, the following rights, provided it abides by the terms of this Agreement: (i) the right to continue to use the Fry Material and all source and object code developed under this Agreement and all versions and derivatives thereof, and all documentation and other supporting material related thereto, in accordance with the terms and conditions of this Agreement; and (ii) the right to complete access to, as appropriate, all Fry Material and all source and object code and all embodiments of such to be provided under this Agreement, including documentation therefore to the extent provided for hereunder, and the same, if not already in Client's possession, shall promptly be delivered to Client: (a) upon any such commencement of a Proceeding upon written request therefor by Client, unless Fry elects to continue to perform all of its obligations under this Agreement; or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of Fry upon written request therefor by Client.

13.4 Termination and Payment. Upon any termination or expiration of this Agreement (except for an amount of up to $100,000 which Client may hold-back until the return to Client of all of Client's Content and other property by Fry), Client shall pay all unpaid and outstanding fees through

the effective date of termination or expiration of this Agreement and Fry shall deliver to Client all work completed prior to the effective date of termination.

13.5 Designated Contact. Each party shall designate one person who will act as the primary liaison for all communications regarding the Services to be rendered by Fry hereunder.

14. Miscellaneous.

14.1 Entire Agreement. This Agreement and attached Exhibits (including the then applicable Annual Plan) constitute the entire agreement between Client and Fry with respect to the subject matter hereof and there are no representations, understandings or agreements which are not fully expressed in this Agreement.

14.2 Cooperation. The Parties acknowledge and agree that successful completion of the Services shall require the full and mutual good faith cooperation of each of the Parties.

14.3 Independent Contractors. Fry and its personnel, in performance of this Agreement, are acting as independent contractors and not employees or agents of Client.

14.4 No Joint Ventures. Nothing in this Agreement shall be construed to establish a joint venture, agency, employment or partnership relationship between the Parties.

14.5 Amendments. No amendment, change, waiver, or discharge hereof shall be valid unless in writing and signed by the party against which such amendment, change, waiver or discharge is sought to be enforced.

14.6 Force Majeure. Except for the obligation to pay money, neither party will be liable for any failure or delay in its performance under this Agreement due to any cause beyond its reasonable control, including act of war, acts of God, earthquake, fire, flood, embargo, riot, sabotage, labor shortage or dispute, governmental act or failure of the Internet, provided that the delayed party: (a) gives the other party prompt notice of such cause, and (b) uses its reasonable commercial efforts to correct promptly such failure or delay in performance and Client may terminate if service is down for more than [****] consecutive hours.

If the performance of any part of this Agreement by either party is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, labor disputes, act of God or any other causes beyond the control of either party, that party shall be excused from such to the extent that it is prevented, hindered or delayed by such causes provided, however, that if such delay or default by Fry exceeds [****] consecutive business days, then Client may terminate this Agreement effective upon written notice to the other party.

14.7 Arbitration. Any claim, dispute or controversy with respect to, in connection with or arising out of this Agreement shall be subject to and decided by arbitration in Nassau County, New York, by a panel of three arbitrators. Each Party shall designate one disinterested arbitrator and the two arbitrators so designated shall select a third arbitrator. The persons selected as arbitrators need not be professional arbitrators, and persons such as lawyers, accountants, brokers and bankers shall be acceptable, but each shall have substantial experience with respect to information technology and development. The arbitration proceeding shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association then and there pertaining. Any party may initiate arbitration proceedings hereunder by providing written notice ("Demand for Arbitration") to the other party to such claim, dispute or controversy. A Demand for Arbitration shall be made within a reasonable time after the claim, dispute or controversy has arisen; provided, however, that no Demand for Arbitration may be made after the date when institution of such claim, dispute or controversy would be barred by the applicable statutes of limitations. Arbitration proceedings shall be commenced within thirty (30) days of such notice or as soon thereafter as practicable, and the arbitrators shall be required to render a written determination within thirty (30) days after the commencement of such arbitration proceedings. The written award of a majority of the arbitrators shall be final and binding upon the parties and judgement may be entered upon it in accordance with applicable law in any

court having jurisdiction thereof, including the federal district courts located in Nassau County, New York. All costs of any such arbitration shall be borne equally by the parties.

This Section shall not be construed to prohibit either party from seeking preliminary or permanent injunctive relief in any court of competent jurisdiction, however, the arbitrator hearing the dispute to which the injunction pertains will have the power to modify or dissolve any such injunction, or to order additional injunctive relief, in connection with the final arbitration award. The parties, their representatives, other participants, and the mediator and

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arbitrator shall hold the existence, content, and result of any mediation and arbitration in confidence except to the extent necessary to enforce a final settlement agreement or to obtain and secure enforcement of or a judgment on an arbitration decision and award.

14.8 Choice of Law and Venue. This Agreement shall be governed in all respects by the laws of the State of New York without regard to its conflict of laws provisions.

Subject to Section 14.7, each of the parties hereto irrevocably and voluntarily submits to personal jurisdiction of the New York Supreme Court located in Nassau County, New York and the Federal and state courts located in the Eastern District of New York in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of such action or proceeding may be heard and determined in any such court. Each of the parties hereto further consents and agrees that such party may be served with process in the same manner as a notice may be given under Section 14.10. Each of the parties hereto agrees that any action or proceeding instituted by any of them against any other party with respect to this Agreement will be instituted exclusively in the state courts located in, and in the United States District Court for, the Eastern District of New York. The parties hereto irrevocably and unconditionally waive and agree not to plead, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue or the convenience of the forum of any action or proceeding with respect to this Agreement in any such courts.

14.9 Assignment. Neither party shall assign, without the prior written consent of the other Party, its rights, duties or obligations under this Agreement to any person or entity, in whole or in part, whether by assignment, merger, transfer of assets, sale of stock, operation of law or otherwise, and any attempt to do so shall be deemed a material breach of this Agreement, except to affiliate.

14.10 Notice. Any notice pursuant to this Agreement, if specified to be in writing, shall be in writing and shall be deemed given (i) if by hand delivery, upon receipt thereof, (ii) if by mail, three (3) days after deposit in the United States mails, postage prepaid, certified mail, return receipt requested, (iii) if by facsimile transmission, upon electronic confirmation thereof, or (iv) if by next day delivery service, upon such delivery. All notices shall be addressed as follows (or such other address as either party may in the future specify in writing to the other):

In the case of Fry: Fry Multimedia, Inc.
3971 South Research Park Drive
Ann Arbor, Michigan 48108
Fax: (734) 741-0640
Attention: David Fry, President

In the case of Client: 800-Gifthouse, Inc.
1600 Stewart Avenue
Westbury, New York 115901
Fax: (516) 237-6060
Attention: Donna Iucolano

With a copy to: Gallagher Walker & Bianco
98 Willis Avenue
Mineola, New York 11501
Telecopier: (516) 248-2394
Attention: Gerard M. Gallagher, Esq.

14.11 Waiver. The waiver of failure of either party to exercise any right in any respect provided for herein shall not be deemed a waiver of any further right hereunder.

14.12 Severability. If any provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement shall remain enforceable.

14.13 Counterparts. This Agreement may be executed in several counterparts, all of which taken together shall constitute the entire agreement between the Parties hereto.

14.14 Headings. The section headings used herein are for reference and convenience only and shall not enter into the interpretation hereof.

14.15 Approvals and Similar Actions. Where agreement, approval, acceptance, consent or similar action by either party hereto is required by any provision of this Agreement, such action shall not be unreasonably delayed or withheld.

14.16 Survival. The provisions of Sections 3, 4.8, 7, 8, 9(a), 12, 13.2, 13.3 and 14 of this Agreement shall survive the termination or expiration of this Agreement.

14.17 Government Regulations. Client will not export, re-export, transfer, or make available, whether directly or indirectly, any regulated item or information to anyone outside the U.S. in connection with this Agreement without first complying with all applicable export control laws and regulations of the U.S. Government and any country or organization of nations within whose jurisdiction Client operates or does business.

14.18 Non-Solicitation. During the period beginning on the date hereof and ending on the first anniversary of the termination or expiration of this Agreement in accordance with its terms, Fry and Client agrees that they will not, and will ensure that their affiliates do not, directly or indirectly, solicit or attempt to solicit for employment or other work persons employed by the other Party during such period.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

CLIENT	FRY
800-GIFTHOUSE, INC.	FRY MULTIMEDIA, INC.
By: /s/ Christopher G. McCann	By: /s/ David Fry
(Signature)	(Signature
Name: Christopher G. McCann	Name: David Fry
Title: Vice President	Title: President

EXHIBIT A

ANNUAL PLAN

[LOGO]

==========
INTERACTIVE SERVICES
PROJECT BRIEF
==========

PROJECT TITLE: Annual Plan--Fiscal Year 2000 BRIEF NUMBER: 0199-1003

PROJECT SPONSOR: Donna Iucolano BRIEF DATE: Jan-13-1999

BACKGROUND:

1-800-FLOWERS(R) currently maintains a business to consumer based transactional Web Site at www.1800flowers.com. The Site, which is developed, managed, and maintained by Fry Multimedia in Ann Arbor, Michigan was recently redesigned and launched on November 16, 1998. Given several new opportunities which have presented themselves, the Company's e-commerce strategy has been changed to support the housing of the totality of the 1-800-FLOWERS, Inc. product and service offerings as available through its various subsidiaries including 800-FLOWERS, 800-BASKETS, 800-GROWERS, 800-GOODIES, Plow & Hearth, Fresh Home & Garden, and American Country Home under one "master" Network-concept Web Site. The theme of the Network [new Web Site] is to revolve around "living and giving" with 1-800-FLOWERS as it is bringing customers the "best of" floral, home and gardening products. The goal is to convey that the Network offers products and ideas for self-consumption as well as gifting.

Due to increased competition within the floral and related gardening and gifting categories - both online and off-line, the window of opportunity to develop and successfully launch the Network is narrow with it being imperative to achieve a live date of early spring.

IT IS IMPORTANT TO NOTE THAT THE STRATEGY IS BEING EVOLVED AS A RESULT OF NEW OPPORTUNITIES AND NOT BECAUSE THE CURRENT SITE IS FLAWED IN ANY WAY. IT IS OUR INTENT TO BUILD UPON ALL OF THE FUNCTIONALITY AVAILABLE IN THE CURRENT SITE AND THAT IS BEING PURSUED IN PHASE II IN THE NETWORK.

While 1-800-FLOWERS has emerged as the online market leader in the fresh floral category, it has a tremendous opportunity to expand beyond this product category to others, which are related. Four general or umbrella categories are being pursued including:

1. FRESH PRODUCTS - Flowers, Plants, Fruit, Vegetables, Gourmet, Etc.

2. BASKETS & RELATED PRODUCTS - Gourmet Baskets, Novelty Gift Baskets, Balloons, Etc.

3. GARDEN PRODUCTS - Seeds, Plants, Bulbs, Garden Tools, Garden Ornaments, Clothing and Accessories, Etc.

4. HOME / HOME DECORATING - Indoor & Outdoor Furniture, Decorative Containers, Accessories, Dried Floral Products, Clothing, etc.

ASSIGNMENT:

1-800-FLOWERS(R) is interested in having Fry Multimedia develop a Web Site so that it reflects the new [Fresh] Floral, Home & Garden Network strategy. This Network Site should leverage as much of the recent development for Version 5 [introduced on Nov-16-98] and Plow & Hearth [introduced on Dec-08-98] as possible so as to be completed in a cost efficient manner, and one that recognizes the time constraints under which the Network is expected to launch. The Network strategy is being designed to position 1-800-FLOWERS as one of the emerging online commerce hubs and is intended to aggregate all of the products of the 1-800-FLOWERS organization under one umbrella and master Web Site so as to gain economies of scale and not need to develop individually branded efforts for [****] subsidiary company. Products to be featured on the site include those of the brands 800-FLOWERS, 800-BASKETS, 800-GROWERS, 800-GOODIES, Plow & Hearth, Fresh Home & Garden, and American Country Home as well as others if appropriate. This Network Web Site should be robust enough to accommodate [****] of products [and attributes] as well as provide for a [****] defined further down in this document.

OBJECTIVE[S]:

1-800-FLOWERS(R) has aggressive sales growth expectations from its Web Site in Fiscal 2000 and views the ability to offer the totality of the 1-800-FLOWERS' product line under one umbrella and master Web Site as critical in order to achieve the growth. As such, 1-800-FLOWERS expects to satisfy the following objectives with the Network concept:

1. ENABLING THE OFFERING OF GREATER VARIETY, DEPTH AND BREADTH OF SELECTION. One of the most attractive things about online retailing for both the retailer and the consumer is the fact that there is an endless supply of [virtual] shelf space. Without the physical restrictions of brick and mortar, a retailer has the ability to present millions of products for sale to prospective shoppers. While successful in its efforts, 1-800-FLOWERS actually offers one of the [****] inventories of products available for sale online typically averaging approximately [****] products. By aggregating our [****] product offerings under the Network, 1-800-FLOWERS can make the leap from [****] to several [****] products.

2. INCREASING SALES REVENUE. By adding products designed for [****] to complement the [****], and adding [****] merchandise, 1-800-FLOWERS will be able to grow sales revenue faster.

3. LEVERAGING ONLINE RETAILING & MERCHANDISING EXPERTISE. Over the years, 1-800-FLOWERS has built a reputation for its expertise in online retailing and merchandising. This expertise should be leveraged so as to be able to generate hundreds of orders for new product categories introduced almost overnight. This will only work by deploying a Network strategy.

4. MINIMIZING DEVELOPMENT & MAINTENANCE COSTS. Building and maintaining multiple Web Sites that are on par with the 1-800-FLOWERS Web Site will be expensive and challenging. With the initial cost of subsidiary sites ranging from $100,000 to $250,000, plus maintenance, the return on investment might not be realized with each individual effort. The Plow & Hearth Web Site went live on December 9th. It now needs to be maintained on a day-to-day basis and a marketing strategy and budget needs to be developed to drive traffic to it. This will be both time-consuming and expensive. And, the Web Site development for other 1-800-FLOWERS subsidiary efforts including Fresh Home & Garden, American Country Home, and GardenWorks has also been discussed.

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5. PIGGY-BACKING ON MARKETING & DISTRIBUTION DEALS. As we are finding, driving traffic to the Web Site is getting more expensive every day. Portal and distribution deals [****]. Negotiating each of these relationships is time-consuming, as is the implementation once the agreement is signed. By focusing on a Network strategy, the relationships and marketing programs in place to support the fresh floral product line can be leveraged to support additional product offers. [****] This Network strategy is the exact one being successfully deployed by [****]. 1-800-FLOWERS can do the exact same thing, and own valuable online real estate for not only flowers, but also gardening and home.

6. LEVERAGING OPERATIONS & CUSTOMER SERVICE EXPERIENCE. Over the past 5 years, 1-800-FLOWERS has learned many valuable lessons as a result of its online retailing and interactive marketing efforts - none of the mistakes made which led to lessons learned should be repeated, if possible. While the Plow & Hearth Web Site is up and running, its features and capabilities are [****] to where 1-800-FLOWERS is today. For example: [****]. 1-800-FLOWERS has not processed online orders manually since April of [****]. There is [****] and there is [****]. Given our leadership position online, we cannot "afford" to role out related or subsidiary efforts this way without the potential for negatively impacting our reputation.

7. PERSONALIZED CONTENT. While we have researched the integration of personalized capabilities as offers by Net Perceptions and others, these applications are expensive and not really designed to support gifting sites. By aggregating all efforts under one site, we can create an intelligent, interactive environment that targets the appropriate audience(s) with the appropriate product(s), value-added service(s), and information while supporting and motivating the visitor toward trial, repeat purchase, brand adoption, and long-term loyalty by offering products and information for self consumption as well as gifting.

8. MULTIPLE SELLING OPPORTUNITIES. With the introduction of additional products and product categories, many more merchandising and cross-selling opportunities become available on the Home Page and throughout the Web Site, which can increase the conversion of browsers to shoppers. This might include multiple featured products, buttons, banners, and text links on the home page; the creation of a gift center which provides for profiling of the recipient; integration of general gifting, floral, home decorating, and light gardening information [or editorial] which integrates products for sale.

9. CO-BRANDING. Given the new "look & feel," there will be the need to create a "standard" presentation for co-branded content to be implemented primarily by the expansion of the affiliate network and general distribution relationships. The co-branding in place today might be able to be leveraged.

10. RECOGNITION OF REFERRING URL. We recognize the tremendous marketing potential presented by printed catalogs and general brand recognition of 1-800-FLOWERS subsidiary companies. The Network Site should be created in a manner enabling the many domain names currently owned by 1-800-FLOWERS such as WWW.PLOWHEARTH.COM to remain live and to take customers to the Network while acknowledging where they came from. For example: "Plow & Hearth products found here!"

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FUNCTIONAL REQUIREMENTS:

A. [****]:

1. The Network Site will become the central online point of contact for customers interested in shopping with 1-800-FLOWERS and its subsidiary companies. [****]

2. The "look and feel" of the Site will need to convey the availability of fresh floral, home and garden products as presented within a living and giving context in the most efficient manner. A streamlined and tight masthead or primary navigation element is desired along with high performance at a 28.8 dial-up modem speed. [****]

3. [****]

4. Web Sites to review to their efficiency and compactness include the following: [****].

B. SHOPPING FUNCTIONALITY:

1. The Network Site should support shopping by [****] - i.e. 800-FLOWERS or Plow & Hearth as well as by [****] or [****] - i.e. flowers, plants, outdoor furniture, etc. It should also allow for searching by keywords.

2. The Network Site should also feature a [****] which offers suggested products based on [****] - i.e. [****]; based on

relationship to the [****] - i.e. [****]; based on [****] - i.e. gifts under [****]; and, based on [****] - i.e. same day, within [****] hours, within [****] hours. A special holiday [****] should also be available at Christmas, Valentine's Day, Mother's Day, etc.

3. The Network Site will need to support a product database consisting of [****] of products with attributes or features, and be able to guide people through the searching process so as not to be overwhelmed by the potential number of products returned. The current of the WWW.1-800-FLOWERS.COM and WWW.PLOWHEARTH.COM sites should be integrated.

4. The Network Site should offer [****]. All orders taken on the Site will be processed by 1-800-FLOWERS in Westbury, New York automatically.

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5. The Network Site will integrate special features as created for the 1-800-FLOWERS.com Site namely the [****] including [****]. These can all be enhanced through the additional of software as provided by Net Perceptions or others.

6. The Network Site should allow [****] between companies and departments featured on the Site.

7. The Network Site needs to support [****] including select local florist, Federal Express, United Parcel Service, and the US Postal Service.

8. The Network Site MUST support intelligence in the [****] with the ability to pro-active present the [****] date and/or [****] date to consumers.

9. Departmentalized Web shopping sites to review include: [****].

C. CUSTOMER SERVICE FUNCTIONALITY:

1. Given the potential number of product offerings and the fact that many more of the offerings require being inventoried and available for purchase, the Network Site will need to communicate in real time or close to it with company-wide inventory management systems. This will prevent the purchasing of products, which are out of stock and/or inform customers of any back orders.

2. Given that a majority of the products to be purchased will be fulfilled [****] from vendors using Federal Express, United Parcel Service, or some other service, the ability of a customer to [****] would offer a value added customer service benefit to shoppers. The Site should allow customers to generate [****] messages or [****] online.

3. Real time customer service [****] - as provided by [****] - would need to be supported on the Network.

4. Customer service inquiries via email would also need to be supported on the Network.

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D. MERCHANDISING FUNCTIONALITY:

1. Given the potential number of product offerings, the Network Site offers tremendous opportunity for [****] and [****] as well as the presentation of great variety. Products will need to be presented with [****]. The [****] should allow for several products to be returned quickly.

2. As with the 1-800-FLOWERS.com Web Site, there will be the need to communicate important information to customers at certain points. This might include holiday "cut-offs," products being out of stock, new products, etc. This information will be might be vendor, product or Network specific.

3. The Network Site should further enable merchandising within [****] and on the [****].

4. The Network Site should support [****] as well as [****] to support merchandising and the presentation of special offers, holiday reminders, etc.

5. The Network Site needs to support [****] delivery and shipping for certain vendors and/or products.

6. The Network Site needs to support a [****] of product selection in the case of a product [*****].

E. CONTENT FUNCTIONALITY:

1. All editorial information related to fresh flowers, gardening and home should reside in [****] predominant place - i.e. the [****] area. Content should however be [****] throughout the Site - especially within the shopping section so as to support merchandising within an editorial context. Editorial should also support impulse buying and the integration of merchandise.

2. Content should support selling including [****] with [****] embedded within the content and not only available as [****] on the [****] of pages.

3. The Network should support truly [****] content, which will enable a customer to [****] of the service as related to their [****]. For example: a [****] area where customers would provide us details about [****].

4. The Network should enable integration of other content - i.e. we might want to partner with [****] to support [****] area.

5. [****] content areas should allow for [****], as some of the content will be written by 1-800-FLOWERS, some [****], some [****], etc.

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F. ADVERTISING AND PROMOTIONAL FUNCTIONALITY:

1. Given the potential number of product offerings and multiple brands that will be available on the Network, there should be some [****] functionality built in which enables [****] to run promoting products, services, brands or concepts available within the Network.

2. [****] should be available on the Site's [****] for possible use by the Network or for sale to [****] such as a [****] company.

3. Integrate an [****] such as provided by [****] or [****] to serve and track [****] within the Network Site.

4. Support for standard linking with tracking capability as it exists today. Links to: 1-800-FLOWERS.com [****], individual product pages, product collections, [****] content areas, promotional pages, [****], etc.

5. Support for special partner programs such as [****] of [****] information for [****], pre-population of order form for [****], and 1-800-FLOWERS.com "keyword search" feature.

6. Promotional areas should enable 1-800-FLOWERS to use in-house resources to create, update and maintain holiday or seasonal theme areas.

G. RELATIONSHIP MARKETING FUNCTIONALITY:

1. Registration should be easy and encouraged often. Getting people to register is high priority. There should be many real benefits including the ability to customize the Network - i.e. the My Flower Shop concept which will need to be renamed. Registration should enable customers to receive information in general about the Network or specific to an area of interest [i.e. gardening].

2. Interaction with the Network should enable learning about the customer in order to serve them better. This "learning" might need to be facilitated by the software of a company such as is offered by Net Perceptions.

3. Registration layout and information gathered will need to be revised to accommodate customer preferences for self-consumption as well as gifting. Personalization software should enable this [i.e. Amazon's book recommendation service).

4. Information being captured during the registration process should allow for profiling as well as prospecting. A much more [****] role in [****] is being requested.

5. [****] tools should be state-of-the-art and usable at 1-800-FLOWERS as well as at Fry Multimedia.

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6. The following [****] for programs and general communication need to be in place and a determination of the communication source (1-800-FLOWERS, Fry Multimedia, Plow & Hearth) will need to be made in each case. All communication sent to each customer would need to be [****] as part of the [****] in the [****].

[****]

7. The Network Site will need to incorporate [****] so to be able to speak to customers individually and uniquely. This can take on many forms. Keep it simple in the beginning through [****] at [****] without buying, [****], etc.). Eventually enhance to dynamically generate content or views based on customer learning. (i.e. [****])

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H. BRANDING FUNCTIONALITY:

1. While the Network Site should be branded in a manner that conveys "Fresh Floral, Home & Gardening" as well as "Living & Giving," the equity in the brand building efforts of 1-800-FLOWERS should not be abandoned. They should instead be leveraged. While the company has not [****] on the [****], it is receptive to suggestions from Fry Multimedia. Discussions to date have lead to:

   a. The concept that given the Company's reputation as an online retailing leader [and pioneer] there is a big benefit to branding the Network as being offered "by 1-800-FLOWERS" or "from 1-800-FLOWERS."

   b. The fact that domain names including WWW.800FLOWERS.COM, WWW.1800FLOWERS.COM, WWW.FLOWERS.COM as well as the various other combinations owned should all take one to the Network.

   c. The fact that we might be able to create a brand for the Network through another domain name such as the [****] or [****].

   d. The fact that given the catalog efforts of Plow & Hearth and Fresh Home & Garden, they should be able to promote branded or vanity URLs which take customers to the Network while allowing customers to "know" want the referring company / domain name was. For example: a positioning that would allow for "Plow & Hearth products featured here!" Branding and co-branding for the subsidiary companies needs to be further investigated.

   e. A well-branded site with flanking brands for review includes that of [****]. While [****] is the primary site, customers have access to [****], which is branded as [****] and an educational support site branded as the [****] at [****].

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I. EDITORIAL FUNCTIONALITY:

1. The Network Site should feature [****] that is [****] to [****] of the editorial or magazine like content, and might also be branded as the [****]. This editorial area will need to support a varied about of information as outlined below:

   a. Floral Information - care and handling, how-to information, meanings of flowers, floral design trends, etc.

   b. Gardening Information - what to plant, when to plant, regional gardening tips and information, descriptions of plants/bulbs/seeds, etc.

   c. Home Decorating - trends, ideas, suggestions, etc.

   d. Gifting - trends, hot products, etc.

J. REPORTING / TRACKING FUNCTIONALITY:

NOTE: THIS SECTION WILL REQUIRE FURTHER DISCUSSION AS IT PERTAINS TO HOW WE ISSUE [****] TO PEOPLE ON THE SITE TODAY AS WELL AS [****] AND [****] PROCEDURES SO AS TO INTERACT WITH A CUSTOMER CENTERED DATABASE PRODUCT.

1. [****] / Customer Performance [****]

The Site will need to [****] identify and report on customers (purchasers) / Shoppers (browsers). - All reports should be able to be run based on the following criteria: [****] selection By [****] range, [****] ([****] and [****]), [****] ([****]). Ability to compare over [****] period a [****] ago.

a. Number of new [****] and number of new [****].

b. Number of [****] and [****].

c. Registered vs. Non Registered [****]

d. [****] rate of shoppers to customers (first time)

e. [****] rates of [****] customers

f. [****] rates of [****] visitors.

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2. [****] Analysis

We need the ability to count visits to the Site by each [****] identified visitor and then determine their purchase [****]. What we hope to do is to identify the [****] on average and for particular customer segments. - [****] shopper, [****] customer, [****] customer, [****] customer [****], [****] customer [****], [****] customer by [****] of [****], [****] customer by [****] of [****], [****] shoppers [****], etc. This report would include the ability to set a [****] (i.e. [****] customers for [****] all, registered, etc.) This should also include the ability to define the [****] for particular segments and by the customers [****]. The information on this report should be available [****] as well as in a [****] format that can be easily copied into [****].

3. Establish a linkage between [****], 1-800-FLOWERS [****], and [****]

The [****] of customers from each source should be included in the file layouts of each of these sources. The [****] should be passed to 1-800-FLOWERS and to [****] and retained. [****] should correspond to 1-800-FLOWERS [****] and where multiple customer numbers exist those records should be consolidated or linked to obtain complete customer [****]. Based on [****] at this level [****] or [****] can be set so that the next time the customer comes to the web site or calls they could be [****] for a specific [****]. Customers' will fall into specific defined groups and be appropriately targeted.

4. Customer Purchase History

Purchase history of all customers that we can speak to via [****]. History to include [****] dates, [****], zip code [****] zip code [****], [****] type. We have discussed offering this [****] to registered users and then to all 1-800-FLOWERS customers.

On the Fry side determine what [****] information can be retained and tied to the [****] so that we can use the [****] as a trigger for [****] that treat customers [****]. The ultimate goal is to be able to have Fry maintain a usable database of information that will enable us to remember and act upon customer [****] and [****]. The [****] portion of this equation will be incorporated into the new registration area.

5. Metrics Numbers

Should be [****] reporting or scheduled and automated for [****] delivery daily. Includes [****] all compared to [****] ago numbers as defined by 1-800-FLOWERS.

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6. Basic Marketing Questions to be answered:

a. Who are my customers?
Name, Address, City, State, Zip
[****]

b. Ability to define customer [****]?

[****] visitors and buyers, [****], Buyers by [****], [****] buyers by [****], [****], [****], Geographically. By [****] relationship, by [****] location (ADI, ZIP) By customer to [****] location.

c. What are my customers [****]?
Break up floral purchases to cut flowers, arrangements, etc. and gift products. Floral vs. Fed Ex, add new items by category

d. How much are my customers [****]?
[****]?, Last [****] Months, [****].

e. Source of Acquisition? Affiliates, search engines, [****], etc.

f. [****]
With [****], shopping to buying seasonally issues: [****] reports by Quarter, Month by Month, Holiday vs. Same Holiday year ago.

7. Web Analysis

[****] Analysis - [****] the consumer through the Site to determine [****] areas on the site [****] before leaving site.

8. Reporting Tools

Fry to review additional Web [****] tools such as [****] for support on the Site.

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9. Site Speed

Stimulus / response data - target [****] offers to segments with [****] to measure [****] over standard to determine best incentives by audience. Ability to offer dynamic [****] messages.

Ability to identify [****] Customers / Visitors [****] and for any date range selected numerically and graphically. Need to know how many customers are [****] on a [****] basis.

10. [Redefine] Affiliate Reporting

By [****] ([****] effort code, [****] code or combination of [****] code and [****] code - TBD)

By [****] to determine which products were purchased as a result (promotional products vs. other products). (By [****] Code).

Reports would show [****] numbers, graphs of results and updated results.

ELEMENTS TO BE INCLUDED:

[****]

K. WEB SITE ADMINISTRATION:

1. The Network Site should allow for updating and maintenance by 1-800-FLOWERS remotely. Current administration area would need to be enhanced to support the Network.

L. WEB SITE REMOTE MONITORING:

1. 1-800-FLOWERS is interested in being able to [****] traffic, usage, etc. [****] from Westbury, New York.

536615.1-MATHUS-6/17/99 12:35:15 PM

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M. HOSTING / REDUNDANCY:

1. 1-800-FLOWERS is asking Fry Multimedia to re-evaluate hosting needs and projected server capacity with respects to increased traffic and sales volume. Determine feasibility of [****] in [****] or other location as a [****] measure.

MESSAGE[S]:

The messages to convey to users of the Network Site include:

1. That 1-800-FLOWERS means more than just flowers.

2. That 1-800-FLOWERS is leveraging its size and online retailing expertise to bring Web customers the "best of" flowers,

gardening, and home decorating products.

3. That 1-800-FLOWERS means "Solutions/Products for Living & Giving!"

4. That 1-800-FLOWERS is an electronic commerce / Internet retailing leader that is an emerging online commerce hub.

5. That 1-800-FLOWERS has the expertise in "living and giving" as evidenced through the editorial and general content available on the Network Site.

TARGET AUDIENCE:

The Web site should speak to the follow target audiences:

1. PRIME: Given the nature of our product, the primary audience is pretty [****]. It includes men and women ages [****] and living primarily in [****].

2. SECOND: We have the opportunities to attract both [****] and [****] men and women as well. We also have the opportunities to attract Americans living and working [****] of the [****] as well as [****] interested in shopping with [****] companies.

3. THIRD: A growing number of [****], which maintain [****] are [****] to our site in support of [****]. These companies have [****] programs for their [****] and/or [****] for [****] gift giving needs.

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NETWORK CONTENTS:

As suggested, the Network should offer a broader array of products, which are brought to consumers by 1-800-FLOWERS. While there should be editorial information to support the merchandising and selling process as well as to establish credibility and expertise, the products available for sales are critical. Here is a suggested approach to our merchandising efforts:

<TABLE>
<CAPTION>

FRESH [FLOWERS & RELATED]	GARDENING	HOME
<S>	<C>	<C>
FLOWERS [****]:	BULBS & SEEDS [****]:	DECORATING [****]:
- Floral Arrangements	- Assorted bulbs	- Wreaths
- Roses	- Assorted seeds	- Candles
- Plants	- Starter kits / supplies	- Vases
- Wreaths / Topiaries		- Pots & Containers
- Balloons	TOOLS [****]:	- Dried Floral
	- Tools	- Table Settings
	- Boots, clogs & gloves	- Garden-Inspired Art
FLOWERS [****]:	- Apparel	- Books
- Plants	- Greenhouses	
- Floral bouquets	- Irrigation	
- Roses		KITCHEN GARDENING [****]:
- Plants		- Cooking Herbs
- Continuity Products	PLANTS, TREES & SHRUBS [****]	- Vegetables
		- Fruiting Trees

GIFT BASKETS [****]
- Gourmet Baskets
- Novelty Baskets
- Branded Baskets
- Floral/Aromatherapy Baskets

FRUIT, CANDIES, & COOKIES [****]

- Fruit Baskets
- Citrus Baskets/Boxes/Crates
- Candied & Dried Fruit Containers
- Nuts in Containers
- Jellies, Jams, & Marmalades
- Chocolate Products
- Cookie Products

VEGETABLES [****]

- Assorted in Crates

[****]

- Flowers
- Floral Arranging
- Other - TBD

OTHERS

- To Be Determined

- Perennials
- Herbs
- Fruit trees & plants
- Roses, orchids, etc.

WATER GARDENING [****]

- Water garden plants
- Supplies & accessories

ORGANIC [****]:

- [****]

OUTDOOR FURNITURE [****]:

- Wood/Iron Furniture
- Fencing
- Bird feeders & houses
- Garden ornaments

PEST TRAPS [****]:

- Traps

LANDSCAPE GARDENING [****]:

- Other

[****]

- Gardening/Gardens of the World
- [****]
- Other - TBD

OTHERS

- To Be Determined

OUTDOOR FURNITURE [****]:

- Wood/Iron/Wicker Furniture
- Fencing
- Bird Feeders & Houses
- Garden Ornaments
- Storage Containers

INDOOR FURNITURE [****]:

- Bedroom Furniture
- Other Indoor Furniture
- Indoor Accessories
- Blankets

FIREPLACE / HEARTH [****]:

- Fireplace Screens/Glass
- Firewood Containers/Carriers
- Wood Splitting Tools
- Accessories

APPAREL & ACCESSORIES [****]:

[****]

[****]

- Home Decorating
- Other--TBD

OTHERS

- To Be Determined

</TABLE>

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COMPETITIVE SET:

While 1-800-FLOWERS has a growing number of competitors online, there is [****] is the [****] being pursued by the Network - namely floral, home and gardening products [****]. The following sites are however important for their competition potential and individual efforts.

1. EMERGING COMMERCE HUBS:

   [****]

2. FLORAL RELATED SITES:

   [****]

3. GARDENING:

   [****]

4. RETAIL AGGREGATORS:

   [****]

1-800-FLOWERS FURTHER EXPECTS FRY MULTIMEDIA TO REVIEW/RESEARCH OTHER TRANSACTIONAL AND/OR CONTENT SITES FOR [****] ELEMENTS AND SUGGESTIONS.

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TONE & MANNER:

We want our customers to perceive us as online retailer first and foremost - not a warehouse or telemarketing organization. We want to convey that we have a passion for the products we sell and know "everything" there is to know about them. We have the broadest selection, access to the best grower farms around the world, the best care and handling procedures, the best vendors, and the best customer service.

MANDATORIES:

1. FAST PERFORMANCE: The Site should be optimized for best possible performance most notably by the fast loading of its pages and searches in its database. Given that we are broadening the product line beyond flowers, the Network site does not have to be [****] or [****].

2. [****] FRIENDLY: Given the strategy, 1-800-FLOWERS would be interested in [****] its native [****] on [****]. As such, our [****] marketing and merchandising efforts would point and link to the [****]. Given the [****], the Site would need to be maximized for performance via the [****] browser. [See the information at the following location for optimizing Web Site for performance via [****].

3. REDUNDANCY: With the size and scope of the effort, the Network needs to be developed and maintained as a "mission critical" effort requiring [****] for all of the possible points of failure and redundancy to successfully accommodate the high volume of traffic and sales activity.

BUDGET:

Given the investment in the 1-800-FLOWERS.com Version 5.0 site and the Plow & Hearth Version 1.0 made over the past 6 months, and the Company's intent to leverage as much of the development as possible, it will rely on Fry Multimedia to submit an estimate for the Network's development. An estimate is expected as early as possible during the month of January 1999.

TIMING:

The new site needs to be completed and live in the spring of 1999 so as to maximize its appeal and launch. The launch will be supported with a [****], which includes [****] and [****].

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PROJECT BRIEF SUBMISSION APPROVAL:

This Project Brief is being submitted on the part of 1-800-FLOWERS as approved by:

DONNA M. IUCOLANO

[Print Name]

_____ Date: _____
[Signature]

RETURN COST ESTIMATE & AGGRESSIVE TIME SCHEDULE BY FEBRUARY 01, 1999 TO:

DONNA IUCOLANO, VICE PRESIDENT
1-800-FLOWERS, INC.
1600 STEWART AVENUE
WESTBURY, NEW YORK 11590
FAX NUMBER: [516] 237-6009
E-MAIL: DIUCOLANO@1800FLOWERS.COM

EXHIBIT B

PROJECT BRIEF FORM

B-1

[GRAPHIC OMITTED]
1-800-FLOWERS(R)

INTERACTIVE SERVICES
PROJECT BRIEF TEMPLATE

PROJECT TITLE: BRIEF NUMBER:
PROJECT SPONSOR: BRIEF DATE:

BACKGROUND:

ASSIGNMENT:

OBJECTIVE[S]:

FUNCTIONAL REQUIREMENTS:

MESSAGE[S]:

TARGET AUDIENCE:

COMPETITIVE SET:

TONE & MANNER:

MANDATORIES:

BUDGET:

TIMING:

PROJECT BRIEF SUBMISSION APPROVAL:

This Project Brief is being submitted on the part of 1-800-FLOWERS as approved by:

[Print Name]

Date:

[Signature]

RETURN COST ESTIMATE & TIME SCHEDULE BY [DATE GOES HERE] TO:

Contact Information Goes Here

EXHIBIT C

THIRD PARTY LICENSES

C-1

EXHIBIT C

Software licensed directly by Client

[****]

Software licensed by Fry but made available for the Client's sites

[****]

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EXHIBIT D

CONFIGURATION

1-800-FLOWERS.COM
Voice and Data Networks

[****] [one chart omitted]

1-800-FLOWERS
Final Configuration
w/o Disaster Recovery

[****] [one chart omitted]

D-1

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EXHIBIT E

CLIENT-OWNED EQUIPMENT

[****]

E-1

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Exhibit 10.18

1-800 FLOWERS.COM, INC.
1999 STOCK INCENTIVE PLAN

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 1999 Stock Incentive Plan is intended to promote the interests of 1-800 Flowers.com, Inc., a Delaware corporation, by providing eligible persons with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Corporation as an incentive for them to remain in the service of the Corporation.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into four separate equity programs:

(i) the Discretionary Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock,

(ii) the Salary Investment Option Grant Program under which eligible employees may elect to have a portion of their base salary invested each year in special options,

(iii) the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered the Corporation (or any Parent or Subsidiary), and

(iv) the Automatic Option Grant Program under which eligible non-employee Board members shall automatically receive options at periodic intervals to purchase shares of Common Stock.

B. The provisions of Articles One and Six shall apply to all equity programs under the Plan and shall govern the interests of all persons

under the Plan.

III. ADMINISTRATION OF THE PLAN

A. The following provisions shall govern the administration of the Plan:

(i) The Board shall have the authority to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders but may delegate such authority in whole or in part to the Primary Committee.

(ii) Administration of the Discretionary Option Grant and Stock Issuance Programs with respect to all other persons eligible to participate in those programs may, at the Board's discretion, be vested in the Primary Committee or a Secondary Committee, or the Board may retain the power to administer those programs with respect to all such persons.

(iii) The Primary Committee shall have the sole and exclusive authority to determine which Section 16 Insiders and other highly compensated Employees shall be eligible for participation in the Salary Investment Option Grant Program for one or more calendar years. However, all option grants under the Salary Investment Option Grant Program shall be made in accordance with the express terms of that program, and the Primary Committee shall not exercise any discretionary functions with respect to the option grants made under that program.

(iv) Administration of the Automatic Option Grant Program shall be self-executing in accordance with the terms of those programs.

B. Each Plan Administrator shall, within the scope of its administrative jurisdiction under the Plan, have full power and authority subject to the provisions of the Plan:

(i) to establish such rules as it may deem appropriate for proper administration of the Plan, to make all factual determinations, to construe and interpret the provisions of the Plan and the awards thereunder and to resolve any and all ambiguities thereunder;

(ii) to determine, with respect to awards made under the Discretionary Option Grant and Stock Issuance Programs, which eligible persons are to receive such awards, the time or times when such awards are to be made, the number of shares to be covered by each such award, the vesting schedule (if any) applicable to the award, the status of a granted option as

either an Incentive Option or a Non-Statutory Option and the maximum term for which the option is to remain outstanding;

(iii) to amend, modify or cancel any outstanding award with the consent of the holder or accelerate the vesting of such award; and

(iv) to take such other discretionary actions as permitted pursuant to the terms of the applicable program.

Decisions of each Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties.

C. Members of the Primary Committee or any Secondary Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of any Secondary Committee and reassume all powers and authority previously delegated to such committee.

D. Service on the Primary Committee or the Secondary Committee shall constitute service as a Board member, and members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Primary Committee or the Secondary Committee shall be liable for any act or omission made in good faith with respect to the Plan or any options or stock issuances under the Plan.

IV. ELIGIBILITY

A. The persons eligible to participate in the Discretionary Option Grant and Stock Issuance Programs are as follows:

(i) Employees,

(ii) non-employee members of the Board or the board of directors of any Parent or Subsidiary, and

(iii) consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

(iv) Only Employees who are Section 16 Insiders or other highly compensated individuals shall be eligible to participate in the Salary Investment Option Grant Program.

(v) Only non-employee Board members shall be eligible to participate in the Automatic Option Grant Program.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Corporation on the open market. The maximum number of shares of Common Stock initially reserved for issuance over the term of the Plan shall not exceed Nine Million Nine Hundred Thousand (9,900,000) shares.

B. The number of shares of Common Stock available for issuance under the Plan shall automatically increase on the first trading day of each calendar, beginning with the 2000 calendar year and continuing through the 2004 calendar year, by an amount equal to three percent (3%) of the shares of Common Stock outstanding on the last trading day of the

immediately preceding calendar year, but in no event shall any such annual increase exceed Two Million (2,000,000) shares.

C. No one person participating in the Plan may receive options, separately exercisable stock appreciation rights and direct stock issuances for more than One Million (1,000,000) shares of Common Stock in the aggregate per calendar year, beginning with the 1999 calendar year.

D. Shares of Common Stock subject to outstanding options shall be available for subsequent issuance under the Plan to the extent those options expire, terminate or are cancelled for any reason prior to exercise in full. Unvested shares issued under the Plan and subsequently repurchased by the Corporation, at the original exercise or issue price paid per share, pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent options or direct stock issuances under the Plan. However, should the exercise price of an option under the Plan be paid with shares of Common Stock or should shares of Common Stock otherwise issuable under the Plan be withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the exercise of an option or the vesting of a stock issuance under the Plan, then the number of shares of Common Stock available for issuance under the Plan shall be reduced by the gross number of shares for which the option is exercised or which vest under the stock issuance, and not by the net number of shares of Common Stock issued to the holder of such option or stock issuance. Shares of Common Stock underlying one or more stock appreciation rights exercised under the Plan shall not be available for subsequent issuance.

E. If any change is made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable

under the Plan, (ii) the number and/or class of securities by which the share reserve is to increase each calendar year pursuant to the automatic share increase provisions of the Plan, (iii) the number and/or class of securities for which any one person may be granted options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year, (iv) the number and/or class of securities for which grants are subsequently to be made under the Automatic Option Grant Program to new and continuing non-employee Board members and (v) the number and/or class of securities and the exercise price per share in effect under each outstanding option under the Plan. Such adjustments to the outstanding options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such options. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

ARTICLE TWO

DISCRETIONARY OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; PROVIDED, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. EXERCISE PRICE.

1. The exercise price per share shall be fixed by the Plan Administrator at the time of the option grant.

2. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section II of Article Six and the documents evidencing the option, be payable in cash or check made payable to the Corporation. Should the Common Stock be registered under Section 12 of the 1934 Act at the time the option is exercised, then the exercise price may also be paid as follows:

(i) shares of Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date, or

(ii) to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions to (a) a Corporation-approved brokerage firm to

effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. EXERCISE AND TERM OF OPTIONS. Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date.

C. CESSATION OF SERVICE.

1. The following provisions shall govern the exercise of any options outstanding at the time of the Optionee's cessation of Service or death:

(i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be subsequently exercised by his or her Beneficiary.

(iii) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the

option is not otherwise at that time exercisable for vested shares.

(iv) Should the Optionee's Service be terminated for Misconduct or should the Optionee engage in Misconduct while his or her options are outstanding, then all such options shall terminate immediately and cease to be outstanding.

D. The Plan Administrator shall have complete discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding:

(i) to extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service to such period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(ii) to permit the option to be exercised, during the applicable post-Service exercise period, for one or more additional installments in which the Optionee would have vested had the Optionee continued in Service.

E. STOCKHOLDER RIGHTS. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

F. REPURCHASE RIGHTS. The Plan Administrator shall have the discretion to grant options which are exercisable for unvested shares of Common Stock. Should the Optionee

cease Service while holding such unvested shares, the Corporation shall have the right to repurchase, at the exercise price paid per share, any or all of those unvested shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right.

G. LIMITED TRANSFERABILITY OF OPTIONS. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than to a Beneficiary following the Optionee's death. Non-Statutory Options shall be subject to the same restrictions, except that a Non-Statutory Option may, to the extent permitted by the Plan Administrator, be assigned in whole or in part during the Optionee's lifetime (i) as a gift to one or more members of the Optionee's immediate family, to a trust in which Optionee and/or one or more such family members hold

more than fifty percent (50%) of the beneficial interest or to an entity in which more than fifty percent (50%) of the voting interests are owned by one or more such family members or (ii) pursuant to a domestic relations order. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Six shall be applicable to Incentive Options. Options which are specifically designated as Non-Statutory Options when issued under the Plan shall not be subject to the terms of this Section II.

A. ELIGIBILITY. Incentive Options may only be granted to Employees.

B. EXERCISE PRICE. The exercise price per share shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

C. DOLLAR LIMITATION. The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars ($100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

D. 10% STOCKHOLDER. If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the option grant date, and the option term shall not exceed five (5) years measured from the option grant date.

III. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. Each option outstanding at the time of a Change in Control but not otherwise fully-vested shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control, become exercisable for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested

shares of Common Stock. However, an outstanding option shall not so accelerate if and to the extent: (i) such option is, in connection with the Change in Control, assumed or otherwise continued in full force and effect by the successor corporation (or parent thereof) pursuant to the terms of the Change in Control, (ii) such option is replaced with a cash incentive program of the successor corporation which preserves the spread existing at the time of the Change in Control on the shares of Common Stock for which the option is not otherwise at that time exercisable and provides for subsequent payout in accordance with the same vesting schedule applicable to those option shares or (iii) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant. Each option outstanding at the time of the Change in Control shall terminate as provided in Section III.C. of this Article Two.

B. All outstanding repurchase rights shall also terminate automatically, and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Change in Control, except to the extent: (i) those repurchase rights are assigned to the successor corporation (or parent thereof) or otherwise continue in full force and effect pursuant to the terms of the Change in Control or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

C. Immediately following the consummation of the Change in Control, all outstanding options shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise expressly continued in full force and effect pursuant to the terms of the Change in Control.

D. Each option which is assumed in connection with a Change in Control shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Change in Control had the option been exercised immediately prior to such Change in Control. Appropriate adjustments to reflect such Change in Control shall also be made to (i) the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain the same, (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan and (iii) the maximum number and/or class of securities for which any one person may be granted options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year.

E. The Plan Administrator may at any time provide that one or more options will automatically accelerate in connection with a Change in Control, whether or not those options are assumed or otherwise continued in full force and effect pursuant to the terms of the Change in Control. Any such option shall accordingly become exercisable, immediately prior to the effective date of such Change in Control, for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested shares of

Common Stock. In addition, the Plan Administrator may at any time provide that one or more of the Corporation's repurchase rights shall not be assignable in connection with such Change in Control and shall terminate upon the consummation of such Change in Control.

F. The Plan Administrator may at any time provide that one or more options will automatically accelerate upon an Involuntary Termination of the Optionee's Service within a designated period (not to exceed eighteen (18) months) following the effective date of any Change in Control in which those options do not otherwise accelerate. Any options so accelerated shall remain exercisable for fully-vested shares until the earlier of (i) the expiration of the option term or (ii) the expiration of the one (1) year period measured from the effective date of the Involuntary Termination. In addition, the Plan Administrator may at any time provide that one or more of the Corporation's repurchase rights shall immediately terminate upon such Involuntary Termination.

G. The Plan Administrator may at any time provide that one or more options will automatically accelerate in connection with a Hostile Take-Over. Any such option shall become exercisable, immediately prior to the effective date of such Hostile Take-Over, for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. In addition, the Plan Administrator may at any time provide that one or more of the Corporation's repurchase rights shall terminate automatically upon the consummation of such Hostile Take-Over. Alternatively, the Plan Administrator may condition such automatic acceleration and termination upon an Involuntary Termination of the Optionee's Service within a designated period (not to exceed eighteen (18) months) following the effective date of such Hostile Take-Over. Each option so accelerated shall remain exercisable for fully-vested shares until the expiration or sooner termination of the option term.

H. The portion of any Incentive Option accelerated in connection with a Change in Control or Hostile Take Over shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar ($100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Statutory Option under the Federal tax laws.

IV. STOCK APPRECIATION RIGHTS

The Plan Administrator may, subject to such conditions as it may determine, grant to selected Optionees stock appreciation rights which will allow the holders of those rights to elect between the exercise of the underlying option for shares of Common Stock and the surrender of that option in exchange for a distribution from the Corporation in an amount equal to the excess of (a) the Option Surrender Value of the number of shares for which the

option is surrendered over (b) the aggregate exercise price payable for such shares. The distribution may be made in shares of Common Stock valued at Fair Market Value on the option surrender date, in cash, or partly in shares and partly in cash, as the Plan Administrator shall in its sole discretion deem appropriate.

ARTICLE THREE

SALARY INVESTMENT OPTION GRANT PROGRAM

I. OPTION GRANTS

The Primary Committee may implement the Salary Investment Option Grant Program for one or more calendar years beginning after the Underwriting Date and select the Section 16 Insiders and other highly compensated Employees eligible to participate in the Salary Investment Option Grant Program for each such calendar year. Each selected individual who elects to participate in the Salary Investment Option Grant Program must, prior to the start of each calendar year of participation, file with the Plan Administrator (or its designate) an irrevocable authorization directing the Corporation to reduce his or her base salary for that calendar year by an amount not less than Ten Thousand Dollars ($10,000.00)) nor more than Fifty Thousand Dollars ($50,000.00). The Primary Committee shall have complete discretion to determine whether to approve the filed authorization in whole or in part. To the extent the Primary Committee approves the authorization, the individual who filed that authorization shall be granted an option under the Salary Investment Grant Program on the first trading day in January for the calendar year for which the salary reduction is to be in effect.

II. OPTION TERMS

Each option shall be a Non-Statutory Option evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below.

A. EXERCISE PRICE.

1. The exercise price per share shall be thirty-three and one-third percent (33-1/3%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. NUMBER OF OPTION SHARES. The number of shares of Common Stock subject to the option shall be determined pursuant to the following formula (rounded down to the nearest whole number):

X = A / (B x 66-2/3%), where

X is the number of option shares,

A is the dollar amount of the approved reduction in the Optionee's base salary for the calendar year, and

B is the Fair Market Value per share of Common Stock on the option grant date.

C. EXERCISE AND TERM OF OPTIONS. The option shall become exercisable in a series of twelve (12) successive equal monthly installments upon the Optionee's completion of each calendar month of Service in the calendar year for which the salary reduction is in effect. Each option shall have a maximum term of ten (10) years measured from the option grant date.

D. CESSATION OF SERVICE. Each option outstanding at the time of the Optionee's cessation of Service shall remain exercisable, for any or all of the shares for which the option is exercisable at the time of such cessation of Service, until the earlier of (i) the expiration of the option term or (ii) the expiration of the three (3)-year period following the Optionee's cessation of Service. To the extent the option is held by the Optionee at the time of his or her death, the option may be exercised by his or her Beneficiary. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to remain outstanding with respect to any and all shares of Common Stock for which the option is not otherwise at that time exercisable.

III. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. In the event of any Change in Control or Hostile Take-Over while the Optionee remains in Service, each outstanding option shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control or Hostile Take-Over, become fully exercisable with respect to the total number of shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. Each such option accelerated in connection with a Change in Control shall terminate upon the Change in Control, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in full force and effect pursuant to the terms of the Change in Control. Each such option accelerated in connection with a Hostile Take-Over shall remain exercisable until the expiration or sooner termination of the option term.

B. Each option which is assumed in connection with a Change in Control shall be appropriately adjusted to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Change in Control had the option been exercised immediately prior to such Change in Control. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain the same.

C. Upon the occurrence of a Hostile Take-Over, the Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each outstanding option granted him or her under the Salary Investment Option Grant Program. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Take-Over Price of the shares of Common Stock at the time subject to the surrendered option (whether or not the Optionee is otherwise at the time vested in those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation. The Primary Committee shall,

at the time the option with such limited stock appreciation right is granted under the Salary Investment Option Grant Program, pre-approve any subsequent exercise of that right in accordance with the terms of this Paragraph C. Accordingly, no further approval of the Primary Committee or the Board shall be required at the time of the actual option surrender and cash distribution.

IV. REMAINING TERMS

The remaining terms of each option granted under the Salary Investment Option Grant Program shall be the same as the terms in effect for options made under the Discretionary Option Grant Program.

ARTICLE FOUR

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening options. Shares of Common Stock may also be issued under the Stock Issuance Program pursuant to share right awards which entitle the recipients to receive those shares upon the attainment of designated performance goals or Service requirements. Each such award shall be evidenced by one or more documents which comply with the terms specified below.

A. PURCHASE PRICE.

1. The purchase price per share of Common Stock subject to direct issuance shall be fixed by the Plan Administrator.

2. Subject to the provisions of Section II of Article Six, shares of Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance:

(i) cash or check made payable to the Corporation, or

(ii) past services rendered to the Corporation (or any Parent or Subsidiary).

B. VESTING/ISSUANCE PROVISIONS.

1. The Plan Administrator may issue shares of Common Stock which are fully and immediately vested upon issuance or which are to vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. Alternatively, the Plan Administrator may issue share right awards which shall entitle the recipient to receive a specified number of vested shares of Common Stock upon the attainment of one or more performance goals or Service requirements established by the Plan Administrator.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to his or her unvested shares of Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting

requirements applicable to the Participant's unvested shares of Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate.

3. The Participant shall have full stockholder rights with respect to the issued shares of Common Stock, whether or not the Participant's interest in those shares is

vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares.

4. Should the Participant cease to remain in Service while holding one or more unvested shares of Common Stock, or should the performance objectives not be attained with respect to one or more such unvested shares of Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase-money indebtedness), the Corporation shall repay to the Participant the cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to the surrendered shares.

5. The Plan Administrator may waive the surrender and cancellation of one or more unvested shares of Common Stock (or other assets attributable thereto) which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares of Common Stock as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

6. Outstanding share right awards shall automatically terminate, and no shares of Common Stock shall actually be issued in satisfaction of those awards, if the performance goals or Service requirements established for such awards are not attained. The Plan Administrator, however, shall have the authority to issue shares of Common Stock in satisfaction of one or more outstanding share right awards as to which the designated performance goals or Service requirements are not attained.

II. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. All of the Corporation's outstanding repurchase rights shall terminate automatically, and all the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Change in Control, except to the extent (i) those repurchase rights are assigned to the

successor corporation (or parent thereof) or otherwise continue in full force and effect pursuant to the terms of the Change in Control or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

B. The Plan Administrator may at any time provide for the automatic termination of one or more of those outstanding repurchase rights and the immediate vesting of the shares of Common Stock subject to those terminated rights upon (i) a Change in Control or Hostile Take-Over or (ii) an Involuntary Termination of the Participant's Service within a designated period (not to exceed eighteen (18) months) following the effective date of any Change in Control or Hostile Take-Over in which those repurchase rights are assigned to the successor corporation (or parent thereof) or otherwise continue in full force and effect.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FIVE

AUTOMATIC OPTION GRANT PROGRAM

I. OPTION TERMS

A. GRANT DATES. Options shall be made on the dates specified below:

1. Each individual who is first elected or appointed as a non-employee Board member at any time after the Underwriting Date shall automatically be granted, on the date of such initial election or appointment, a Non-Statutory Option to purchase Ten Thousand (10,000) shares of Common Stock, provided that individual has not previously been in the employ of the Corporation (or any Parent or Subsidiary).

2. On the date of each Annual Stockholders Meeting beginning with the 2000 Annual Stockholder Meeting, each individual who has served as a non-employee Board member since the date of the Annual Stockholders Meeting in the immediately preceding year shall automatically be granted a Non-Statutory Option to purchase Five Thousand (5,000) shares of Common Stock, provided such individual has served as a non-employee Board member for at least six (6) months.

B. EXERCISE PRICE.

1. The exercise price per share shall be equal to one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

C. OPTION TERM. Each option shall have a term of ten (10) years measured from the option grant date.

D. EXERCISE AND VESTING OF OPTIONS. Each option shall be immediately exercisable for any or all of the option shares. However, any shares purchased under the initial option shall be subject to repurchase by the Corporation, at the exercise price paid per share, upon the Optionee's cessation of Board service prior to vesting in those shares. Each option shall vest, and the Corporation's repurchase right shall lapse, in a series of two (2) successive equal annual installments over the Optionee's period of continued service as a Board member, with the first such installment to vest upon the Optionee's completion of one (1) year of Board service measured from the option grant date

E. CESSATION OF BOARD SERVICE. The following provisions shall govern the exercise of any options outstanding at the time of the Optionee's cessation of Board service:

(i) Any option outstanding at the time of the Optionee's cessation of Board service for any reason shall remain exercisable for a three (3)-month period following the date of such cessation of Board service, but in no event shall such option be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be subsequently exercised by his or her Beneficiary.

(iii) Following the Optionee's cessation of Board service, the option may not be exercised in the aggregate for more than the number of shares for which the option was exercisable on the date of such cessation of Board service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Board service, terminate and cease to be outstanding for any and all shares for which the option is not otherwise at that time exercisable.

(iv) However, should the Optionee cease to serve as a Board member by reason of death or Permanent Disability, then all shares at the time subject to the option shall immediately vest so that such option may, during the twelve (12)-month exercise period following such cessation of Board service, be exercised for all or any portion of those shares as fully-vested shares of Common Stock.

II. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. In the event of any Change in Control or Hostile Take-Over, the shares of Common Stock at the time subject to each outstanding option but not otherwise vested shall automatically vest in full so that each such option may, immediately prior to the effective date of such Change in Control or Hostile Take-Over, became fully exercisable for all of the shares of Common Stock at the time subject to such option and maybe exercised for all or any of those shares as fully-vested shares of Common Stock. Each such option accelerated in connection with a Change in Control shall terminate upon the Change in Control, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in full force and effect pursuant to the terms of the Change in Control. Each such option accelerated in connection with a Hostile Take-Over shall remain exercisable until the expiration or sooner termination of the option term.

B. All outstanding repurchase rights shall automatically terminate and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Change in Control or Hostile Take-Over.

C. Upon the occurrence of a Hostile Take-Over, the Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each of his or her outstanding

automatic option grants. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Option Surrender Value of the shares of Common Stock at the time subject to each surrendered option (whether or not the option is otherwise at the time exercisable for those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation.

D. Each option which is assumed in connection with a Change in Control shall be appropriately adjusted to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Change in Control had the option been exercised immediately prior to such Change in Control. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain the same.

III. REMAINING TERMS

The remaining terms of each option granted under the Automatic Option Grant Program shall be the same as the terms in effect for options made under the Discretionary Option Grant Program.

ARTICLE SIX

MISCELLANEOUS

I. NO IMPAIRMENT OF AUTHORITY

Outstanding awards shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

II. FINANCING

The Plan Administrator may permit any Optionee or Participant to pay the option exercise price under the Discretionary Option Grant Program or the purchase price of shares issued under the Stock Issuance Program by delivering a full-recourse, interest bearing promissory note payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in its sole discretion. In no event may the maximum credit available to the Optionee or Participant exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares plus (ii) any Federal, state and local income and employment tax liability incurred by the Optionee or the Participant in connection with the option exercise or share purchase.

III. TAX WITHHOLDING

A. The Corporation's obligation to deliver shares of Common Stock upon the exercise of options or the issuance or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

B. The Plan Administrator may, in its discretion, provide any or all holders of Non-Statutory Options or unvested shares of Common Stock under the Plan with the right to use shares of Common Stock in satisfaction of all or part of the Withholding Taxes incurred by such holders in connection with the exercise of their options or the vesting of their shares. Such right may be provided to any such holder in either or both of the following formats:

STOCK WITHHOLDING: The election to have the Corporation withhold, from the shares of Common Stock otherwise issuable upon the exercise of such Non-Statutory Option or the vesting of such shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%)) designated by the holder.

STOCK DELIVERY: The election to deliver to the Corporation, at the time the Non-Statutory Option is exercised or the shares vest, one or more shares of Common Stock previously acquired by such holder (other than in connection with the option exercise or share vesting triggering the Withholding Taxes) with an aggregate Fair Market Value equal to the percentage of the Taxes (not to exceed one hundred percent (100%)) designated by the holder.

IV. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan shall become effective immediately upon the Plan Effective Date. However, the Salary Investment Option Grant Program shall not be implemented until such time as the Primary Committee may deem appropriate. Options may be granted under the Discretionary Option Grant Program at any time on or after the Plan Effective Date. However, no options granted under the Plan may be exercised, and no shares shall be issued under the Plan, until the Plan is approved by the Corporation's stockholders. If such stockholder approval is not obtained within twelve (12) months after the Plan Effective Date, then all options previously granted under this Plan shall terminate and cease to be outstanding, and no further options shall be granted and no shares shall be issued under the Plan.

B. The Plan shall terminate upon the earliest of (i) July 6, 2009, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully-vested shares or (iii) the termination of all outstanding options in connection with a Change in Control. Upon such plan termination, all outstanding options and unvested stock issuances shall thereafter continue to have force and effect in accordance with the provisions of the documents evidencing such grants or issuances.

V. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely affect the rights and obligations with respect to stock options or unvested stock issuances at the time outstanding under the Plan unless the Optionee or the Participant consents to such amendment or modification. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

B. Options to purchase shares of Common Stock may be granted under the Discretionary Option Grant and Salary Investment Option Grant Programs and shares of Common Stock may be issued under the Stock Issuance Program that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess shares actually issued under those programs shall be held in escrow until there is obtained stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock available for issuance under the Plan. If such stockholder approval is not obtained within twelve (12) months after the date the first such excess issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding and (ii) the Corporation shall promptly refund to the Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable Short Term Federal Rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically cancelled and cease to be outstanding.

VI. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Common Stock under the Plan shall be used for general corporate purposes.

VII. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any stock option under the Plan and the issuance of any shares of Common Stock (i) upon the exercise of any granted option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the stock options granted under it and the shares of Common Stock issued pursuant to it.

B. No shares of Common Stock or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of Federal and state securities laws, including the filing and effectiveness of the Form S-8 registration statement for the shares of Common Stock issuable under the Plan, and all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which Common Stock is then listed for trading.

VIII. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

APPENDIX

The following definitions shall be in effect under the Plan:

A. AUTOMATIC OPTION GRANT PROGRAM shall mean the automatic option grant program in effect under the Plan.

B. BENEFICIARY shall mean, in the event the Plan Administrator implements a beneficiary designation procedure, the person designated by an Optionee or Participant, pursuant to such procedure, to succeed to such person's rights under any outstanding awards held by him or her at the time of death. In the absence of such designation or procedure, the Beneficiary shall be the personal representative of the estate of the Optionee or Participant or the person or persons to whom the award is transferred by will or the laws of descent and distribution.

C. BOARD shall mean the Corporation's Board of Directors.

D. CHANGE IN CONTROL shall mean a change in ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or reorganization approved by the Corporation's stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) any stockholder-approved transfer or other disposition of all or substantially all of the Corporation's assets, or

(iii) the acquisition, directly or indirectly by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation), of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board recommends such stockholders accept.

E. CODE shall mean the Internal Revenue Code of 1986, as amended.

F. COMMON STOCK shall mean the Corporation's common stock.

G. CORPORATION shall mean 1-800 Flowers.com, Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of 1-800 Flowers.com, Inc. which shall by appropriate action adopt the Plan.

H. DISCRETIONARY OPTION GRANT PROGRAM shall mean the discretionary option grant program in effect under the Plan.

I. EMPLOYEE shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

J. EXERCISE DATE shall mean the date on which the Corporation shall have received written notice of the option exercise.

K. FAIR MARKET VALUE per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported on the Nasdaq National Market or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) For purposes of any option grants made on the Underwriting Date, the Fair Market Value shall be deemed to be equal to the price per share at which the Common Stock is to be sold in the initial public offering pursuant to the Underwriting Agreement.

(iv) For purposes of any options made prior to the Underwriting Date, the Fair Market Value shall be determined by the Plan Administrator, after taking into account such factors as it deems appropriate.

L. HOSTILE TAKE-OVER shall mean:

(i) the acquisition, directly or indirectly, by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled

by, or is under common control with, the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a

tender or exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept, or

(ii) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

M. INCENTIVE OPTION shall mean an option which satisfies the requirements of Code Section 422.

N. INVOLUNTARY TERMINATION shall mean the termination of the Service of any individual which occurs by reason of:

(i) such individual's involuntary dismissal or discharge by the Corporation for reasons other than Misconduct, or

(ii) such individual's voluntary resignation following (A) a change in his or her position with the Corporation or Parent or Subsidiary employing the individual which materially reduces his or her duties and responsibilities or the level of management to which he or she reports, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonus under any performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected by the Corporation without the individual's consent.

O. MISCONDUCT shall mean the commission of any act of fraud, embezzlement or dishonesty by the Optionee or Participant, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any intentional wrongdoing by such

person, whether by omission or commission, which adversely affects the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. This shall not limit the grounds for the dismissal or discharge of any person in the Service of the Corporation (or any Parent or Subsidiary).

P. 1934 ACT shall mean the Securities Exchange Act of 1934, as amended.

Q. NON-STATUTORY OPTION shall mean an option not intended to satisfy the requirements of Code Section 422.

R. OPTION SURRENDER VALUE shall mean the Fair Market Value per share of Common Stock on the date the option is surrendered to the Corporation or, in the event of a Hostile Take-Over, effected through a tender offer, the highest reported price per share of

Common Stock paid by the tender offeror in effecting such Hostile Take-Over, if greater. However, if the surrendered option is an Incentive Option, the Option Surrender Value shall not exceed the Fair Market Value per share.

S. OPTIONEE shall mean any person to whom an option is granted under the Discretionary Option Grant, Salary Investment Option Grant or Automatic Option Grant Program.

T. PARENT shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. PARTICIPANT shall mean any person who is issued shares of Common Stock under the Stock Issuance Program.

V. PERMANENT DISABILITY OR PERMANENTLY DISABLED shall mean the inability of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. However, solely for purposes of the Automatic Option Grant Program, Permanent Disability or Permanently Disabled shall mean the inability of the non-employee Board member to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

W. PLAN shall mean the Corporation's 1999 Stock Incentive Plan, as set forth in this document.

X. PLAN ADMINISTRATOR shall mean the particular entity, whether the Primary Committee, the Board or the Secondary Committee, which is authorized to administer the Discretionary Option Grant, Salary Investment Option Grant and Stock Issuance Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under those programs with respect to the persons under its jurisdiction. However, the Primary Committee shall have the plenary authority to make all factual determinations and to construe and interpret any and all ambiguities under the Plan to the extent such authority is not otherwise expressly delegated to any other Plan Administrator.

Y. PLAN EFFECTIVE DATE shall mean July 7, 1999, the date on which the Plan was adopted by the Board.

Z. PRIMARY COMMITTEE shall mean the committee of two (2) or more non-employee Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders and to administer the Salary Investment Option Grant Program with respect to all eligible individuals.

AA. SALARY INVESTMENT OPTION GRANT PROGRAM shall mean the salary investment grant program in effect under the Plan.

BB. SECONDARY COMMITTEE shall mean a committee of one (1) or more Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to eligible persons other than Section 16 Insiders.

CC. SECTION 12 REGISTRATION DATE shall mean the date on which the Common Stock is first registered under Section 12(g) of the 1934 Act.

DD. SECTION 16 INSIDER shall mean an officer or director of the Corporation subject to the short-swing profit liabilities of Section 16 of the 1934 Act.

EE. SERVICE shall mean the performance of services for the Corporation (or any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

FF. STOCK EXCHANGE shall mean either the American Stock Exchange or the New York Stock Exchange.

GG. STOCK ISSUANCE PROGRAM shall mean the stock issuance program in effect under the Plan.

HH. SUBSIDIARY shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

II. 10% STOCKHOLDER shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

JJ. UNDERWRITING AGREEMENT shall mean the agreement between the Corporation and the underwriter or underwriters managing the initial public offering of the Common Stock.

KK. UNDERWRITING DATE shall mean the date on which the Underwriting Agreement is executed and priced in connection with an initial public offering of the Common Stock.

LL. WITHHOLDING TAXES shall mean the Federal, state and local income and employment withholding tax liabilities to which the holder of Non-Statutory Options or unvested shares of Common Stock may become subject in connection with the exercise of those options or the vesting of those shares.