MAUI LAND & PINEAPPLE CO INC
Form 8-K
October 05, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **September 29, 2006**

Maui Land & Pineapple Company, Inc.

(Exact name of Registrant as Specified in Its Charter)

Hawaii	**0-6510**	**99-0107542**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No)

120 Kane Street, P.O. Box 187, Kahului, Maui, Hawaii, 96733-6687

(Address of principal executive offices)

(808) 877-3351

(Registrant s telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Promissory Note. Maui Land & Pineapple Company, Inc., a Hawaii corporation (the Company), owns 100% of the issued and outstanding capital stock of Maui Pineapple Company, Ltd., a Hawaii corporation (MPC). On September 29, 2006 (the Effective Date), MPC delivered a Promissory Note (the Promissory Note) to GE Capital Public Finance, Inc. (GE Capital) under which it unconditionally promised to pay the principal sum of $4,500,000, which GE Capital agreed to loan to MPC for the purchase of certain manufacturing equipment (the Equipment), pursuant to the terms set forth in the Promissory Note. Interest accrues on the principal balance under the Promissory Note at a fixed rate of 6.66% per annum. All principal and interest amounts due under the Promissory Note shall be due and payable in 84 consecutive equal monthly installments of $67,196.30, commencing on November 1, 2006. MPC may prepay the Promissory Note at any time, provided that it pays certain costs and fees as set forth in the Promissory Note. MPC has granted GE Capital a security interest in the Equipment as security for repayment of the Promissory Note.

Guaranty Agreement. Pursuant to a Guaranty Agreement, dated as of the Effective Date, executed by the Company for the benefit of GE Capital (the Guaranty), the Company has agreed to guaranty the obligations of MPC set forth in the Promissory Note and related security documents, including, but not limited to, payment in full of the outstanding balance of the Promissory Note.

The foregoing descriptions of the Promissory Note and the Guaranty Agreement do not purport to be complete and are qualified in their entirety by reference to such documents, copies of which are attached hereto as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

MPC s entry into the Promissory Note and the Company s entry into the Guaranty Agreement as described in Item 1.01 constitutes the creation of a direct financial obligation. The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	**Description**
10.1	Promissory Note, dated as of September 29, 2006, executed by Maui Pineapple Company, Ltd.
10.2	Guaranty Agreement, dated September 29, 2006, executed by the Company for the benefit of GE Capital Public Finance, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MAUI LAND & PINEAPPLE COMPANY, INC.

Date: October 4, 2006	By:	/S/ ROBERT I. WEBBER Robert I. Webber Chief Financial Officer

EXHIBIT INDEX

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December December December December 29, 2002 30, 2001 29, 2002 30, 2001 --------------- --------------- -------------- ------------- (in thousands, except per share data) Numerator: Net income (loss) $10,087 $1,810 $2,793 ($7,136) ============== ============== ============== ============= Denominator: Weighted average shares outstanding 65,522 64,401 65,500 64,357 Effect of dilutive securities: Employee stock options 2,282 3,352 2,204 - --------------- -------------- -------------- ------------- Adjusted weighted-average shares and assumed conversations 67,804 67,753 67,704 64,357 ============== ============== ============== ============= Basic and diluted net income (loss) per common share $0.15 $0.03 $0.04 ($0.11) ============== ============== ============== ============= Note 6 - Commitments and Contingencies Legal Proceedings From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business. The Company is not aware of any such legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its consolidated financial position, results of operations or liquidity. 6 ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. Forward Looking Statements Certain of the matters and subject areas discussed in this Quarterly Report on Form 10-Q contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical information provided herein are forward-looking statements and may contain information about financial results, economic conditions, trends and known uncertainties based on the Company's current expectations, assumptions, estimates and projections about its business and the Company's industry. These forward-looking statements involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those more fully described under the caption "Risk Factors that May Affect Future Results" within the Company's Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. The Company undertakes no obligation to publicly update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future. Overview 1-800-FLOWERS.COM helps millions of customers connect to the people they care about with a broad range of thoughtful gifts, award-winning customer service and its unique technology and fulfillment infrastructure. The Company's product line - including flowers, plants, gourmet foods, candies, gift baskets and other unique gifts - is available to customers around the world via: the Internet (www.1800flowers.com); by calling 1-800-FLOWERS(R) (1-800-356-9377) 24 hours a day; or by visiting one of the Company-operated or franchised stores. The Company's collection of thoughtful gifting brands includes home decor and garden merchandise from

Plow & Hearth(R) (phone: 1-800-627-1712 and web: www.plowandhearth.com), premium popcorn and other food gifts from The Popcorn Factory(R)(phone: 1-800-541-2676 and web: www.thepopcornfactory.com), gourmet food products from GreatFood.com(R) (www.greatfood.com), and children's gifts from HearthSong(R) (www.hearthsong.com) and Magic Cabin(R) (www.magiccabin.com). The Company achieved profitability during the three and six months ended December 29, 2002 and expects to be profitable for the full year of fiscal 2003. However, the Company's prospects for maintaining profitability must be considered in light of risks, uncertainties, expenses and the current challenging retail and geo-political environment, as well as those more fully described under the caption "Risk Factors that May Affect Future Results" within the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2002. Results of Operations Net Revenues Three Months Ended Six Months Ended --- --- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change --------------- --------------- --------------- ------------- ------------- -------------- (in thousands) Net revenues: Telephonic $113,999 $93,550 21.9% $156,530 $134,517 16.4% Online 75,750 60,497 25.2% 116,550 92,837 25.5% Retail/fulfillment 7,680 8,278 (7.2%) 13,574 14,140 (4.0%) --------------- --------------- ------------- ------------- Total net revenues $197,429 $162,325 21.6% $286,654 $241,494 18.7% =============== =============== ============= ============= Net revenues consist primarily of the selling price of the merchandise, service or outbound shipping charges, less discounts, returns and credits. The Company's combined telephonic and online revenue growth during the three and six months ended December 29, 2002 was due primarily to an increase in order volume, resulting from increased effectiveness of the Company's marketing efforts, strong brand name recognition and the continued expansion of its non-floral product offerings such as plants, candies and gourmet foods, including the Popcorn Factory line of products which was acquired in May 2002, as well as items for the home and garden, children's toys and other specialty gifts. Non-floral gift products accounted for 67.0% and 58.6% of total combined telephonic and online net revenues during the three and six months ended December 29, 2002, respectively, as compared to 62.1% and 54.4% during the same periods of the prior year. 7 During the three and six months ended December 29, 2002 the Company fulfilled approximately 3,159,000 and 4,467,000 orders through its combined telephonic and online sales channels, an increase of 37.8% and 30.3% over the respective prior year periods. This growth resulted from increases in both online order volume, which increased 34.9% and 31.5% during the three and six months ended December 29, 2002, respectively, in comparison to the prior year periods, driven by traffic increases through the Company's websites as well as through third party portals, and telephonic order volume, which during the three and six months ended December 29, 2002 increased 40.1% and 29.4% over the respective prior year periods, resulting primarily from the acquisition of the Company's gourmet popcorn product line in May 2002. The Company's combined telephonic and online sales channels average order value decreased 10.6% to $60.09 and 7.8% to $61.13 during the three and six months ended December 29, 2002, respectively, due to the seasonal impact of the Popcorn Factory product line which has a lower average order value. The Company intends to continue to drive revenue growth through its online business, and continue the migration of its customers from the telephone to the Web for several important reasons: (i) online orders are less expensive to process than telephonic orders, (ii) online customers can view the Company's full array of gift offerings including non-floral gifts, which yield higher gross margin opportunities, (iii) online customers can utilize all of the Company's services, such as the various gift search functions, order status check and reminder service, thereby deepening the relationship with its customers and leading to increased order rates, and (iv) when customers visit the Company online, it provides an opportunity to interact with them in an electronic dialog via cost efficient e-mail marketing programs. Retail/fulfillment revenues for the three and six months ended December 29, 2002 decreased in comparison to the same periods of the prior year, primarily as a result of converting certain company owned retail stores into franchised operations. Gross Profit Three Months Ended Six Months Ended -- --- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change ------------- ------------ ------------ ------------ ------------ -------------- (in thousands) Gross profit $90,094 $70,699 27.4% $126,772 $101,991 24.3% Gross margin % 45.6% 43.6% 44.2% 42.2% Gross profit consists of net revenues less cost of revenues, which is comprised primarily of florist fulfillment costs (fees paid to florists directly and through wire services that serve as clearinghouses for floral orders, net of wire service rebates), the cost of floral and non-floral merchandise sold from inventory or through third parties, and associated costs including inbound and outbound shipping charges. Additionally, cost of revenues include labor and facility costs related to direct-to-consumer merchandise production operations, as well as facility costs on properties that are sublet to the Company's franchisees. Gross profit increased during the three and six months ended December 29, 2002, in comparison to the same periods of the prior year, primarily as a result of increased order volume and an improved gross margin percentage. Gross margin percentage increased by 200 basis points during both the three and six months ended December 29, 2002, due to the continued growth of non-floral product sales, which was further complemented by the acquisition of the Popcorn Factory line of products in May 2002, which generate higher gross margins, improvements in product shipping costs, inventory management and product sourcing, and an increase in the Company's service charge, aligning it with industry norms. In addition, the Company's continued focus on customer service further enhanced the gross margin percentage through stricter quality control standards and enforcement methods, implemented in fiscal 2002, that reduced the rate of credits/returns and replacements. As the Company continues to expand its higher margin, non-floral business, the Company expects that gross margin percentage, while varying by quarter due to seasonal changes in product mix, will continue to increase. 8 Marketing and Sales Expense Three Months Ended Six Months Ended -- -- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change ------------- -------------- ------------ ------------ ------------ -------------- (in thousands) Marketing and sales $64,978 $54,945 18.3% $93,931 $81,576 15.1% Percentage of net revenues 32.9% 33.8% 32.8% 33.8% Marketing and sales expense consists primarily of advertising and promotional expenditures, catalog costs, online portal agreements, retail store and fulfillment operations (other than costs included in cost of revenues) and customer service center expenses, as well as the operating expenses of the Company's departments engaged in marketing, selling and merchandising activities. Marketing and sales expenses decreased as a percentage of net revenues during the three and six months ended December 29, 2002, compared to the same periods of the prior fiscal year as a result of targeted cost-effective online advertising, coupled with the Company's strong brand name and order processing cost reduction initiatives. As a result of the Company's cost-efficient customer retention programs, of the 2,240,000 and 3,141,000 customers who placed orders during the three and six months ended December 29, 2002, respectively, approximately 46.9% and 47.7% represented repeat customers as compared to 46.4% and 47.2% in the respective prior year periods. In addition, as a result of the strength of the Company's brands, combined with its cost-efficient marketing programs, the Company added approximately 1,191,000 and 1,684,000 new customers during the three and six months ended December 29, 2002, respectively. In order to continue to execute its business plan, the Company expects to continue to prudently invest in its marketing and sales efforts to acquire new customers, while also leveraging its already significant customer base through cost effective, customer retention initiatives. Such spending will be within the context of the Company's overall marketing plan, which is continually evaluated and revised to reflect the results of the Company's most recent market research, including changing economic conditions, and seeks to determine the most cost-efficient use of the Company's marketing dollars. Such evaluation includes the ongoing review of the Company's strategic relationships with its internet portal providers to ensure that these relationships continue to generate cost-effective incremental volume. Although the Company believes that increased spending in the area of marketing and sales will be necessary for the Company to continue to grow its revenues, the Company expects that marketing and sales expense will continue to decline as a percentage of net revenues. Technology and Development Expense Three Months Ended Six Months Ended -- -- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change ------------- -------------- ------------ ------------ ------------ -------------- (in thousands) Technology and development $3,415 $3,532 (3.3%) $6,993 $7,222 (3.2%) Percentage of net revenues 1.7% 2.2% 2.4% 3.0% Technology and development expense consists primarily of payroll and operating expenses of the Company's information technology group, costs associated with its Web sites, including hosting, design, content development and maintenance and support costs related to the Company's order entry, customer service, fulfillment and database systems. Technology and development expense decreased during the three and six months ended December 29, 2002 in comparison to the same periods of the prior year as a result of cost-efficiencies realized by both in-sourcing technology applications and bringing the Company's disaster recovery web-hosting platform in-house. Internalizing the Company's development functions has enabled the Company to cost effectively enhance the content and functionality of its Web sites and improve the performance of the Company's fulfillment and database systems, while adding improved operational flexibility and supplemental back-up and system redundancy. These efficiencies were offset in part by the incremental technology costs associated with The Popcorn Factory integration in preparation for the Holiday selling season. During the three and six months ended December 29, 2002, the Company expended $5.4 million and $10.5 million, respectively, on technology and development, of which $2.0 million and $3.5 million has been capitalized. Although the Company believes that continued investment in technology and development is critical to attaining its strategic objectives, the Company expects that its spending in comparison to prior fiscal periods will continue to decrease as a percentage of net revenues as the expected benefits from previous 9 investments in the Company's current technology platform will mitigate the effect of incremental costs expected to be incurred as a result of the acquisition of The Popcorn Factory in May 2002. General and Administrative Expense Three Months Ended Six Months Ended -- -- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change ------------ -------------- ------------ ------------ ------------ -------------- (in thousands) General and administrative $7,462 $7,065 5.6% $14,869 $13,979 6.4% Percentage of net revenues 3.8% 4.4% 5.2% 5.8% General and administrative expense consists of payroll and other expenses in support of the Company's executive, finance and accounting, legal, human resources and other administrative functions, as well as professional fees and other general corporate expenses. The increase in general and administrative expense during the three and six months ended December 29, 2002, in comparison to the same periods of the prior year, was primarily attributable to incremental costs associated with the operation of The Popcorn Factory, acquired in May 2002, and increased insurance costs resulting from overall market conditions, partially offset by various cost reduction initiatives. The Company believes that its current general and administrative infrastructure is sufficient to support existing requirements and, as such, while increasing in absolute dollars due primarily to the incremental costs associated with the operation of recently acquired businesses, general and administrative expenses are expected to continue to decline as a percentage of net revenues, on a seasonally adjusted basis. Depreciation and Amortization Expense Three Months Ended Six Months Ended -- -- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change ------------ -------------- ------------ ------------ ------------ -------------- (in thousands) Depreciation and amortization $4,068 $3,767 8.0% $8,097 $7,361 10.0% Percentage of net revenues 2.1% 2.3% 2.8% 3.0% The increase in depreciation and amortization expense during the three and six months ended December 29, 2002, in comparison to the same periods of the prior year, was primarily the result of the additional depreciation and amortization associated with The Popcorn Factory, acquired in May 2002, as well as increased capital expenditures. Other Income (Expense) Three Months Ended Six Months Ended -- -- December December December December 29, 2002 30, 2001 % Change 29, 2002 30, 2001 % Change ------------ ------------ ------------ ------------ ------------ -------------- (in thousands) Interest income $284 $735 (61.4%) $635 $1,659 (61.7%) Interest expense (262) (314) (16.6%) (576) (612) (5.9%) Other (106) (1) - (148) (36) 311.1% ------------ ------------ ------------ ------------ $(84) $420 (120.0%) $(89) $1,011 (108.8%) ============ ============ ============ ============ Other income (expense) consists primarily of interest income earned on the Company's investments and available cash balances, offset by interest expense, primarily attributable to the Company's capital leases and other long-term debt. The decrease in other income (expense) for the three and six months ended December 29, 2002 was primarily due to the decline in invested cash and 10 investment balances in order to fund operations, capital expenditures and the acquisition of The Popcorn Factory in May 2002, as well as a decline of the Company's average rate of return on its investments due to market conditions. Income Taxes During the three and six months ended December 29, 2002 and the three months ended December 30, 2001, the Company provided no income tax provision due to the availability of net operating loss carryforwards. Additionally, for the six months ended December 30, 2001, no income tax benefit has been recorded as all available loss carrybacks have been fully utilized. The Company has provided a full valuation allowance against the remaining portion of its deferred tax asset, consisting primarily of net operating losses, because of uncertainty regarding its future realization. Liquidity and Capital Resources At December 29, 2002, the Company had working capital of $40.3 million, including cash and equivalents and short-term investments of $82.1 million, compared to working capital of $23.3 million, including cash and equivalents and short-term investments of $63.4 million, at June 30, 2002. The increase in working capital resulted primarily from earnings, adjusted for non-cash items primarily consisting of depreciation and amortization, as well as maturities of long-term investments, offset in part by capital expenditures and repayment of long-term debt and capital lease obligations. In addition to its cash and short-term investments, the Company maintained approximately $1.4 million and $9.6 million of long-term investments, consisting primarily of investment grade corporate and U.S. government securities. Net cash provided by operating activities of $15.2 million for the six months ended December 29, 2002 was primarily attributable to net income, adjusted for non-cash charges of depreciation and amortization, and seasonal changes in working capital. Net cash provided by investing activities of $16.7 million for the six months ended December 29, 2002 was principally comprised of the maturities of longer-term investments, reduced by capital expenditures related to the Company's technology infrastructure. Net cash used in financing activities was $1.3 million for the six months ended December 29, 2002, resulting primarily from repayments of amounts outstanding under the Company's credit facilities and long-term capital lease obligations, offset in part by the net proceeds received upon the exercise of employee stock options. The Company's material capital commitments consist of: o obligations outstanding under capital and operating leases (including guarantees of $0.5 million), as well as commercial notes related to obligations arising from, and collateralized by, the underlying assets of the Company's warehousing/fulfillment facility in Madison, Virginia (fiscal 2003: $6.8 million, fiscal 2004: $10.2 million, fiscal 2005: $8.9 million, fiscal 2006: $5.2 million, fiscal 2007: $3.2 million, fiscal 2008: $1.6 million, and thereafter: $9.4 million); o online marketing agreements ($9.2 million); and o inventory commitments ($10.2 million). On September 16, 2001, the Company's Board of Directors approved the repurchase of up to $10.0 million of the Company's Class A common stock. Although no repurchases have been made as of February 5, 2003, any such purchases could be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program will be financed utilizing available cash. Critical Accounting Policies and Estimates The Company's discussion and analysis of its financial statements and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, inventory and long-lived assets, including goodwill and other intangible assets related to acquisitions. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from 11 these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, affects the Company's more significant judgments and estimates used in preparation of its consolidated financial statements. Revenue Recognition Net revenues are generated by online, telephonic and retail fulfillment operations and primarily consist of the selling price of merchandise, service or outbound shipping charges, less discounts, returns and credits. Net revenues are recognized upon product shipment. Accounts Receivable The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Inventory The Company states inventory at the lower of cost or market. In assessing the realization of inventories, we are required to make judgments as to future demand requirements and compare that with inventory levels. It is possible that changes in consumer demand could cause a reduction in the net realizable value of inventory. Goodwill and Other Intangible Assets Goodwill represents the excess of the purchase price over the fair value of the net assets acquired and is evaluated annually for impairment. The cost of intangible assets with determinable lives is amortized to reflect the pattern of economic benefits consumed, on a straight-line basis, over the estimated periods benefited, ranging from 3 to 16 years. The Company periodically evaluates acquired businesses for potential impairment indicators. Judgment regarding the existence of impairment indicators is based on market conditions and operational performance of the Company. Future events could cause the Company to conclude that impairment indicators exist and that goodwill and other intangible assets associated with our acquired businesses is impaired. ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK The Company's earnings and cash flows are subject to fluctuations due to changes in interest rates primarily from its investment of available cash balances in investment grade corporate and U.S. government securities and, secondarily, certain of its financing arrangements. Under its current policies, the Company does not use interest rate derivative instruments to manage exposure to interest rate changes. ITEM 4. CONTROLS AND PROCEDURES (a) Evaluation of disclosure controls and procedures For purposes of rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934 ("Exchange Act") the term "disclosure controls and procedures" refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. Within 90 days prior to the date of this report ("Evaluation Date"), the Company carried out an evaluation under the supervision and with the participation of the Company's Chief Executive Officer and its Chief Financial Officer of the effectiveness of the design and operation of its disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, such controls and procedures were effective at ensuring that required information will be disclosed on a timely basis in our periodic reports filed under and pursuant to the Exchange Act. (b) Changes in internal controls There were no significant changes to our internal controls or in other factors that could significantly affect our internal controls subsequent to the Evaluation Date. 12 PART II. - OTHER INFORMATION ITEM 1. LEGAL PROCEEDINGS From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business. The Company is not aware of any such legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, consolidated financial position, results of operations or liquidity. ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS Not applicable. ITEM 3. DEFAULTS UPON SENIOR SECURITIES Not applicable. ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS The Company's Annual Meeting of Stockholders was held on December 4, 2002. The following nominees were elected as directors, each to serve until the 2005 annual meeting or until their respective successors shall have been duly elected and qualified, by the vote set forth below: Nominee For Withheld -------------------------- ---------------------------------- --- James F. McCann 379,178,211 4,350,936 Christopher G. McCann 378,787,486 4,741,661 T. Guy Minetti 378,789,961 4,739,186 The following Directors who were not nominees for election at this Annual Meeting will continue to serve on the Board of Directors of the Company: Jeffrey C. Walker, Kevin J. O'Connor, Lawrence V. Calcano, John J. Conefry, Mary Lou Quinlan and Leonard J. Elmore. The proposal to ratify the selection of Ernst & Young LLP, independent public accountants, as auditors of the Company for the fiscal year ending June 29, 2003 was approved by the vote set forth below: For Against Abstain ------------------------ ---------------------------------- --- 383,137,433 388,226 3,488 ITEM 5. OTHER INFORMATION Not applicable. ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (a) Exhibits. 99.1 Certification by James F. McCann, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 99.2 Certification by William E. Shea, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (b) Reports on Form 8-K On October 21, 2002, the Company filed a report on Form 8-K announcing that John J. Conefry, Jr., Vice Chairman of Astoria Financial Corporation and Chairman of the Board of Trustees of Hofstra University, was added to the board of directors on Friday, October 18, 2002. On November 18, 2002, the Company filed a report on Form 8-K announcing that Leonard J. Elmore, President and CEO of Test University, a leading provider of web-based test and educational solutions, was added to the Company's board of directors. 13 SIGNATURES ----------- Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. 1-800-FLOWERS.COM, Inc. ----------------------------- (Registrant) Date: May 14, 2003 /s/ James F. McCann ------------------------ ----------------------------- James F. McCann Chief Executive Officer Chairman of the Board of Directors (Principal Executive Officer) Date: May 14, 2003 /s/ William E. Shea ----------------------- ----------------------------- William E. Shea Senior Vice President Finance and Administration (Principal Financial and Accounting Officer) 14 CERTIFICATIONS ------------- I, James McCann, certify that: (1) I have reviewed this quarterly report on Form 10-Q of 1-800-FLOWERS.COM, Inc.; (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; (3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14)for the registrant and have: (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors: (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and (6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: February 12, 2003 /s/ James F. McCann ------------------------ ------------------------------ James F. McCann Chief Executive Officer Chairman of the Board of Directors (Principal Executive Officer) 15 I, William Shea, certify that: (1) I have reviewed this quarterly report on Form 10-Q of 1-800-FLOWERS.COM, Inc.; (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; (3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14)for the registrant and have: (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors: (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and (6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: February 12, 2003 /s/ William E. Shea ------------------------ ------------------------------ William E. Shea Senior Vice President Finance and Administration (Principal Financial and Accounting Officer) 16