Use these links to rapidly review the document
TABLE OF CONTENTS

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2015

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-35901

FTD Companies, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**32-0255852** (I.R.S. Employer Identification No.)
3113 Woodcreek Drive, Downers Grove, Illinois (Address of principal executive offices)	**60515** (Zip Code)

(630) 719-7800
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 28,666,741 shares of the Registrant's common stock outstanding at August 4, 2015.

FTD COMPANIES, INC.
INDEX TO FORM 10-Q

In this document, references to "FTD Companies," "FTD," the "Company," "we," "us," and "our" refer to FTD Companies, Inc. and its consolidated subsidiaries, unless the context otherwise requires.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "projections," "business outlook," "estimate," or similar expressions constitute forward-looking statements. These forward-looking statements include, but are not limited to, statements about our strategies; statements regarding expected synergies and benefits of our acquisition of Provide Commerce, Inc.; expectations about future business plans, prospective performance and opportunities, including potential acquisitions; future financial performance; revenues; segment metrics; operating expenses; market trends, including those in the markets in which we compete; liquidity; cash flows and uses of cash; dividends; capital expenditures; depreciation and amortization; tax payments; foreign currency exchange rates; hedging arrangements; our ability to repay indebtedness and invest in initiatives; our products and services; pricing; marketing plans; competition; settlement of legal matters; and the impact of accounting changes and other pronouncements. Potential factors that could affect such forward-looking statements include, among others, the factors disclosed in the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"), as updated from time to time in our subsequent filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. Any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that may cause actual performance and results to differ materially from those predicted. Reported results should not be considered an indication of future performance. Except as required by law, we undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FTD COMPANIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

(Unaudited)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 53,879	$ 95,595
Accounts receivable, net of allowances of $5,453 and $8,991 at June 30, 2015 and December 31, 2014, respectively	27,307	32,753
Inventories	24,310	28,342
Income taxes receivable	10,502	—
Deferred tax assets, net	12,333	17,233
Prepaid expenses and other current assets	11,256	17,816
Total current assets	139,587	191,739
Property and equipment, net	67,333	63,607
Intangible assets, net	374,053	435,653
Goodwill	646,490	632,212
Other assets	28,350	29,402
Total assets	$1,255,813	$ 1,352,613
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 54,463	$ 70,301
Accrued liabilities	43,627	62,555
Accrued compensation	19,037	28,728
Deferred revenue	11,625	10,185
Income taxes payable	1,088	6,042
Current portion of long-term debt	20,000	20,000
Total current liabilities	149,840	197,811
Long-term debt	290,000	320,000
Deferred tax liabilities, net	134,394	149,834
Other liabilities	12,586	19,755
Total liabilities	586,820	687,400
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, 5,000,000 shares, par value $0.0001, authorized; no shares issued and outstanding	—	—
Common stock, 60,000,000 shares, par value $0.0001, authorized; 29,339,783 and 29,193,037 shares issued at June 30, 2015 and December 31, 2014, respectively	3	3
Treasury stock, 673,042 and no shares at June 30, 2015 and December 31, 2014, respectively	(20,000)	—
Additional paid-in capital	669,481	666,338
Retained earnings	46,560	26,707
Accumulated other comprehensive loss	(27,051)	(27,835)
Total stockholders' equity	668,993	665,213
Total liabilities and stockholders' equity	$1,255,813	$ 1,352,613

The accompanying notes are an integral part of these condensed consolidated financial statements.

FTD COMPANIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(Unaudited)

	Quarter Ended June, 30		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Products	$ 330,536	$ 132,274	$ 662,275	$ 285,446
Services	35,265	35,820	71,307	72,501
Total revenues	365,801	168,094	733,582	357,947
Operating expenses:				
Cost of revenues—products	223,093	100,599	454,602	218,952
Cost of revenues—services	4,934	5,224	9,850	10,360
Sales and marketing	70,638	29,418	147,050	59,946
General and administrative	29,363	17,039	62,498	32,937
Amortization of intangible assets	15,336	4,429	30,737	8,841
Restructuring and other exit costs	2,244	287	4,412	287
Total operating expenses	345,608	156,996	709,149	331,323
Operating income	20,193	11,098	24,433	26,624
Interest income	105	150	249	298
Interest expense	(2,464)	(1,393)	(4,916)	(2,779)
Other income, net	437	86	426	472
Income before income taxes	18,271	9,941	20,192	24,615
Provision for income taxes	452	5,232	339	10,286
Net income	$ 17,819	$ 4,709	$ 19,853	$ 14,329
Earnings per common share:				
Basic earnings per share	$ 0.61	$ 0.24	$ 0.67	$ 0.74
Diluted earnings per share	$ 0.61	$ 0.24	$ 0.67	$ 0.74

The accompanying notes are an integral part of these condensed consolidated financial statements.

FTD COMPANIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited, in thousands)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Income	$ 17,819	$ 4,709	$ 19,853	$ 14,329
Other comprehensive income:				
Foreign currency translation	7,431	3,744	792	4,537
Cash flow hedges:				
Changes in net gains (losses) on derivatives, net of tax of $5 and $(119) for the quarters ended June 30, 2015 and 2014, respectively and $(5) and $(265) for the six months ended June 30, 2015 and 2014, respectively	7	(187)	(8)	(415)
Other comprehensive income	7,438	3,557	784	4,122
Comprehensive income	$ 25,257	$ 8,266	$ 20,637	$ 18,451

The accompanying notes are an integral part of these condensed consolidated financial statements.

FTD COMPANIES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited, in thousands except share amounts)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2014	29,193,037	$ 3	—	$ —	$ 666,338	$ (27,835)	$ 26,707	$ 665,213
Net income	—	—	—	—	—	—	19,853	19,853
Other comprehensive loss	—	—	—	—	—	784	—	784
Stock-based compensation	—	—	—	—	4,340	—	—	4,340
Tax benefits from equity awards	—	—	—	—	339	—	—	339
Vesting of restricted stock units and related repurchases of common stock	126,951	—	—	—	(2,021)	—	—	(2,021)
Repurchases of common stock	—	—	(673,042)	(20,000)	—	—	—	(20,000)
Issuance of common stock through employee stock purchase plan	19,595	—	—	—	478	—	—	478
Exercise of stock options	200	—	—	—	7	—	—	7
Balance at June 30, 2015	29,339,783	$ 3	(673,042)	$ (20,000)	$ 669,481	$ (27,051)	$ 46,560	$ 668,993

The accompanying notes are an integral part of these condensed consolidated financial statements.

FTD COMPANIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Cash flows from operating activities:		
Net income	$ 19,853	$ 14,329
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41,913	14,029
Impairment of fixed assets	1,282	—
Stock-based compensation	4,340	3,563
Provision for doubtful accounts receivable	909	843
Accretion of discounts and amortization of deferred financing and debt issue costs	680	386
Deferred taxes, net	(4,296)	(3,831)
Excess tax benefits from equity awards	(339)	(408)
Other, net	29	(9)
Changes in operating assets and liabilities, net of Acquisition-related purchase accounting adjustments:		
Accounts receivable, net	5,620	(168)
Inventories	2,990	2,108
Prepaid expenses and other assets	7,446	1,007
Accounts payable and accrued liabilities	(40,687)	(18,189)
Deferred revenue	1,395	1,726
Income taxes receivable or payable	(9,567)	4,069
Other liabilities	(4,172)	(221)
Net cash provided by operating activities	27,396	19,234
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(9,935)	—
Purchases of property and equipment	(7,472)	(3,139)
Purchase of intangible assets	(60)	—
Net cash used for investing activities	(17,467)	(3,139)
Cash flows from financing activities:		
Payments on long-term debt	(30,000)	—
Exercise of stock options and purchases from employee stock plans	485	312
Repurchases of common stock	(22,021)	(1,751)
Excess tax benefits from equity awards	339	408
Net cash used for financing activities	(51,197)	(1,031)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(448)	269
Change in cash and cash equivalents	(41,716)	15,333
Cash and cash equivalents, beginning of period	95,595	48,162
Cash and cash equivalents, end of period	$ 53,879	$ 63,495

The accompanying notes are an integral part of these condensed consolidated financial statements.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION, ACCOUNTING POLICIES, AND RECENT ACCOUNTING PRONOUNCEMENTS

Description of Business

We are a premier floral and gifting company with a vision to be the leading and most trusted floral and gifting company in the world. Our mission is to inspire, support, and delight our customers when expressing life's most important sentiments. We provide floral, specialty foods, gift and related products and services to consumers, retail florists, and other retail locations and companies in need of floral and gifting solutions. Our business uses the highly-recognized FTD®, Interflora® (both supported by the iconic Mercury Man® logo), ProFlowers®, Shari's Berries®, and Personal Creations® brands. While we operate primarily in the United States ("U.S."), Canada, the United Kingdom ("U.K."), and the Republic of Ireland, we have worldwide presence as our Mercury Man logo is displayed in nearly 40,000 floral shops in approximately 150 countries. Our portfolio of brands also includes Flying Flowers, Flowers Direct, and Drake Algar in the U.K., and Cherry Moon Farms®, Gifts.com™, Sincerely™, and RedEnvelope® in the U.S. While floral arrangements and plants are our primary offerings, we also market and sell gift items, including gourmet-dipped berries, chocolate dip delights™ and other sweets, personalized gifts, premium fresh fruits, gift baskets, wine and champagne, jewelry and spa products.

FTD Group, Inc. ("FTD Group") is a wholly-owned subsidiary of FTD Companies, Inc. and has as its principal operating subsidiaries, Florists' Transworld Delivery, Inc., FTD.COM Inc. ("FTD.COM"), Interflora British Unit ("Interflora"), and Provide Commerce, Inc. ("Provide Commerce"). The operations of the Company include those of its subsidiary, Interflora, Inc., of which one-third is owned by an outside third party. The minority interest related to Interflora, Inc. is not material for separate presentation. The Company's corporate headquarters is located in Downers Grove, Illinois. The Company also maintains offices in San Diego, California; Woodridge, Illinois; Centerbrook, Connecticut; Medford, Oregon; Sleaford, England; Quebec, Canada; and Hyderabad, India; and distribution centers in various locations throughout the U.S.

Acquisition of Provide Commerce, Inc.

On December 31, 2014, the Company acquired from a wholly-owned subsidiary of Liberty Interactive Corporation ("Liberty") all of the issued and outstanding shares of common stock of Provide Commerce, an indirect wholly-owned subsidiary of Liberty, for a purchase price consisting of (i) cash consideration of $106.6 million, excluding acquired cash on hand of $38.1 million and a post-closing working capital adjustment of $9.9 million, and (ii) 10,203,010 shares of FTD common stock, representing approximately 35% of the issued and outstanding shares of FTD common stock (the "Acquisition"). In April 2015, FTD made a payment to Liberty in full satisfaction of the post-closing working capital adjustment. Upon the closing of the Acquisition, Provide Commerce became an indirect wholly-owned subsidiary of FTD (see Note 2).

Basis of Presentation

These interim condensed consolidated financial statements are unaudited. These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), including those for interim financial information, and with the instructions for Quarterly Reports on Form 10-Q and Article 10 of

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION, ACCOUNTING POLICIES, AND RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Regulation S-X issued by the U.S. Securities and Exchange Commission (the "SEC"). Accordingly, such financial statements do not include all of the information and note disclosures required by GAAP for complete financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation of financial position and operating results for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for any future periods. The condensed consolidated balance sheet information at December 31, 2014, was derived from the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K ("Form 10-K") for the year ended December 31, 2014, but does not include all of the disclosures required by GAAP.

The condensed consolidated financial statements reflect the historical financial position, results of operations, and cash flows of the Company. The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make accounting policy elections, estimates, and assumptions that affect a number of reported amounts and related disclosures in the condensed consolidated financial statements. Management bases its estimates on historical experience and assumptions that it believes are reasonable. Actual results could differ from those estimates and assumptions. The most significant areas of the condensed consolidated financial statements that require management's judgment include the Company's revenue recognition, goodwill, indefinite-lived intangible assets and other long-lived assets, allowance for doubtful accounts, income taxes, software capitalization, legal contingencies, and preliminary estimates of fair values of assets acquired and liabilities assumed with the Acquisition.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2014.

"Emerging Growth Company" Reporting Requirements

The Company qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act. As an "emerging growth company," the Company has elected to take advantage of the extended transition period for complying with new or revised accounting standards until such standards are also applicable to private companies. As a result of this election, the Company's consolidated financial statements may not be comparable to companies that comply with non-emerging growth companies' effective dates for such new or revised standards. Further, as a result of the Acquisition, the Company anticipates that it will no longer qualify as an "emerging growth company" as of December 31, 2015.

Accounting Policies

Refer to the Company's audited consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2014, for a discussion of the Company's accounting policies.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION, ACCOUNTING POLICIES, AND RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, as codified in FASB Accounting Standards Codification ("ASC") 740. The amendments in this ASU state that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. The amendments in this ASU were effective for the Company beginning January 1, 2015. The amendments were applied prospectively to all unrecognized tax benefits that existed at the effective date. This update did not have a material impact on the Company's consolidated financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The amendments in this ASU affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The amendments in this ASU require an entity to recognize revenue related to the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU will be effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2017. Adoption is permitted for fiscal years and interim periods beginning after December 15, 2016. The Company is currently assessing the impact of this update on its consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement—Extraordinary and Unusual Items*, which eliminates the concept of extraordinary items from GAAP. The amendments in this ASU eliminate the requirement that an entity separately classify, present, and disclose extraordinary events and transactions. The amendments in this ASU will be effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2015. The amendments should be applied prospectively and retrospective application is permitted. The Company does not expect this update to have a material impact on its consolidated financial statements.

In April 2015, FASB issued ASU No. 2015-03, *Interest—Imputation of Interest*, which simplifies the presentation of debt issuance costs by requiring debt issuance costs related to a debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The amendments in this ASU will be effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2015. The amendments should be applied on a

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION, ACCOUNTING POLICIES, AND RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

retrospective basis. The Company expects that this update will reduce both other assets and the outstanding debt balance by approximately $5.7 million as of June 30, 2015.

2. ACQUISITION

Acquisition of Provide Commerce

On December 31, 2014, the Company acquired all of the issued and outstanding shares of common stock of Provide Commerce from Liberty. Provide Commerce's portfolio of brands primarily includes ProFlowers and ProPlants for fresh-cut flowers, floral arrangements, and plants; Shari's Berries for gourmet-dipped berries and other products; Personal Creations for personalized gifts; Cherry Moon Farms for premium fresh fruits; and Sincerely for mobile gifting applications. The Acquisition expands the breadth of the Company's brand by combining two complementary businesses to offer customers a greater variety of floral and gifting products and an enhanced shopping experience and is expected to generate significant cost synergies. The Company believes that these factors support the estimated amount of goodwill related to the Acquisition.

The purchase price consisted of (i) cash consideration of $106.6 million excluding acquired cash on hand of $38.1 million and a post-closing working capital adjustment of $9.9 million, and (ii) 10,203,010 shares of FTD common stock, representing approximately 35% of the issued and outstanding shares of FTD common stock. The FTD common stock was valued at $34.82 per share, the closing price on December 31, 2014, the date of the Acquisition, for purposes of determining the purchase price. In April 2015, FTD made a payment to Liberty in full satisfaction of the post-closing working capital adjustment. The purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on management's preliminary estimates of their respective fair values as of the closing date of the Acquisition. During the six months ended June 30, 2015, the Company revised certain of its preliminary estimates of fair value, which changes were not considered material. The Company believes that the preliminary fair values assigned to the assets acquired and the liabilities assumed were based on reasonable assumptions, however, additional information is needed in order to determine the final fair values.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

2. ACQUISITION (Continued)

The following table summarizes the preliminary estimates of fair value of the assets acquired and liabilities assumed, including the effects of immaterial adjustments to the preliminary purchase price allocation (in thousands):

	Preliminary Estimate of Fair Value
Net liabilities assumed:	
Cash	$ 38,081
Accounts receivable	8,215
Inventories	18,744
Prepaid expenses	11,550
Other assets	14,931
Property and equipment	42,994
Accounts payable and accrued liabilities	(82,709)
Deferred tax liabilities, net	(85,917)
Other liabilities	(13,342)
Total net liabilities assumed	(47,453)
Intangible assets acquired:	
Trademarks and trade names	119,400
Customer contracts and relationships	91,100
Complete technology	36,300
Total intangible assets acquired	246,800
Goodwill	310,554
Total purchase price	$ 509,901

The acquired intangibles are being amortized on a straight-line basis over their estimated useful lives, which range from two to fifteen years. The goodwill acquired in the Acquisition is not deductible for federal tax purposes.

The following unaudited pro forma information presents the consolidated results of operations of the Company as if the Acquisition had occurred as of January 1, 2013. The unaudited pro forma consolidated financial information is provided for illustrative purposes only and does not purport to present what the actual results of operations would have been had the transaction actually occurred on the date indicated, nor does it purport to represent results of operations for any future period. The information does not reflect any cost savings or other benefits that may be obtained through anticipated synergies as a result of the Acquisition.

(in thousands, except per share amounts)	For the Quarter Ended June 30, 2014	For the Six Months Ended June 30, 2014
Revenues	$ 390,884	$ 772,526
Net income	$ 4,604	$ 6,117
Basic and diluted earnings per share	$ 0.16	$ 0.21

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. SEGMENT INFORMATION

Prior to the Acquisition, the Company reported its business operations in three reportable segments: Consumer, Florist, and International. As a result of the Acquisition, the Company began reporting its business in four reportable segments: Consumer, Florist, International, and Provide Commerce. As the Acquisition was completed on December 31, 2014, no results of operations of Provide Commerce were included in the Company's consolidated statement of operations for the quarter and six months ended June 30, 2014.

Below is a reconciliation of segment revenues to consolidated revenues (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Products revenues:				
Consumer	$ 97,652	$ 96,053	$ 185,722	$ 183,669
Florist	12,434	10,625	28,817	26,900
International	29,290	31,006	78,044	85,073
Provide Commerce	196,548	—	379,784	—
Segment products revenues	335,924	137,684	672,367	295,642
Services revenues:				
Florist	30,731	31,088	60,352	60,923
International	4,616	4,829	11,118	11,759
Segment services revenues	35,347	35,917	71,470	72,682
Intersegment eliminations	(5,470)	(5,507)	(10,255)	(10,377)
Consolidated revenues	$ 365,801	$ 168,094	$ 733,582	$ 357,947

Intersegment revenues represent amounts charged from one segment to the other for services provided based on order volume at a set rate per order. Intersegment revenues by segment were as follows (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Intersegment revenues:				
Consumer	$ (5,318)	$ (5,410)	$ (10,022)	$ (10,196)
Florist	(82)	(97)	(163)	(181)
Provide Commerce	(70)	—	(70)	—
Total intersegment revenues	$ (5,470)	$ (5,507)	$ (10,255)	$ (10,377)

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. SEGMENT INFORMATION (Continued)

Below is a reconciliation of segment operating income to consolidated operating income and income before income taxes (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Segment operating income[(a)]:				
Consumer	$ 10,884	$ 10,588	$ 18,354	$ 18,678
Florist	12,113	12,078	26,260	25,246
International	3,823	3,533	11,800	11,567
Provide Commerce	26,074	—	34,986	—
Total segment operating income	52,894	26,199	91,400	55,491
Unallocated expenses[(b)]	(11,543)	(7,999)	(25,054)	(14,838)
Depreciation expense and amortization of intangible assets	(21,158)	(7,102)	(41,913)	(14,029)
Operating income	20,193	11,098	24,433	26,624
Interest expense, net	(2,359)	(1,243)	(4,667)	(2,481)
Other (expense) income, net	437	86	426	472
Income before income taxes	$ 18,271	$ 9,941	$ 20,192	$ 24,615

(a) Segment operating income is operating income excluding depreciation, amortization, litigation and dispute settlement charges or gains, transaction and integration-related costs, and restructuring and other exit costs. Stock-based compensation and general corporate expenses are not allocated to the segments. Segment operating income is prior to intersegment eliminations and excludes other income (expense).

(b) Unallocated expenses include various corporate costs, such as corporate finance, legal, and human resources costs. In addition, unallocated expenses include stock-based compensation for all eligible Company employees, restructuring and other exit costs, transaction and integration-related costs, and litigation and dispute settlement charges or gains.

Geographic revenues to external customers were as follows for the periods presented (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
U.S.	$ 331,895	$ 132,259	$ 644,420	$ 261,115
U.K.	33,906	35,835	89,162	96,832
Consolidated revenues	$ 365,801	$ 168,094	$ 733,582	$ 357,947

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. SEGMENT INFORMATION (Continued)

Assets and liabilities are reviewed at the consolidated level by management. Segment assets are not reported to, or used by, the Company's chief operating decision maker to allocate resources to or assess performance of the segments, and therefore, total segment assets have not been disclosed. Geographic information for long-lived assets, consisting of amortizable intangible assets, property and equipment and other non-current assets, was as follows (in thousands):

	June 30, 2015	December 31, 2014
U.S.	$ 304,476	$ 272,659
U.K.	8,305	8,335
Total long-lived assets	$ 312,781	$ 280,994

4. BALANCE SHEET COMPONENTS

Financing Receivables

The Company has financing receivables related to equipment sales to its floral network members. The current and noncurrent portions of financing receivables are included in accounts receivable and other assets, respectively, in the condensed consolidated balance sheets. The Company assesses financing receivables individually for balances due from current floral network members and collectively for balances due from terminated floral network members.

Credit quality of financing receivables was as follows (in thousands):

	June 30, 2015	December 31, 2014
Current	$ 10,692	$ 10,913
Past due	854	3,268
Total	$ 11,546	$ 14,181

The aging of past due financing receivables was as follows (in thousands):

	June 30, 2015	December 31, 2014
Current	$ 10,692	$ 10,913
Past due:		
1 - 150 days past due	193	147
151 - 364 days past due	164	163
365 - 730 days past due	240	244
731 or more days past due	257	2,714
Total	$ 11,546	$ 14,181

Financing receivables on nonaccrual status at June 30, 2015 and December 31, 2014, totaled $0.9 million and $3.3 million, respectively.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. BALANCE SHEET COMPONENTS (Continued)

The allowance for credit losses and the recorded investment in financing receivables were as follows (in thousands):

	Six Months Ended June 30,	
	2015	2014
Allowance for credit losses:		
Balance at January 1	$ 3,200	$ 3,213
Provision	146	122
Write-offs charged against allowance	(2,581)	(155)
Balance at June 30	$ 765	$ 3,180
Ending balance collectively evaluated for impairment	$ 737	$ 3,163
Ending balance individually evaluated for impairment	$ 28	$ 17
Recorded investments in financing receivables:		
Balance collectively evaluated for impairment	$ 856	$ 3,292
Balance individually evaluated for impairment	$ 10,690	$ 11,188

Individually evaluated impaired loans, including the recorded investment in such loans, the unpaid principal balance, and the allowance related to such loans, each totaled less than $0.1 million at both June 30, 2015 and December 31, 2014. The average recorded investment in such loans was less than $0.1 million in each of the six months ended June 30, 2015 and 2014. Interest income recognized on impaired loans was less than $0.1 million in each of the six months ended June 30, 2015 and 2014.

Property and Equipment

Property and equipment consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Land and improvements	$ 1,616	$ 1,614
Buildings and improvements	16,208	16,203
Leasehold improvements	16,363	16,092
Equipment	13,532	7,796
Computer equipment	30,689	27,144
Computer software	44,300	38,409
Furniture and fixtures	3,686	4,909
	126,394	112,167
Accumulated depreciation	(59,061)	(48,560)
Total	$ 67,333	$ 63,607

Depreciation expense, including the amortization of leasehold improvements, was $5.8 million and $2.7 million for the quarters ended June 30, 2015 and 2014, respectively and $11.2 million and $5.2 million for the six months ended June 30, 2015 and 2014, respectively.

5. TRANSACTIONS WITH RELATED PARTIES

Transactions with Liberty

As a result of the Acquisition, Liberty owns approximately 35% of the issued and outstanding shares of FTD common stock. FTD and Liberty entered into an Investor Rights Agreement, which governs certain rights of and restrictions on Liberty in connection with the shares of FTD common stock that Liberty owns as a result of the Acquisition. In addition, Provide Commerce and Liberty entered into a services agreement (the "Services Agreement"), under which Provide Commerce, on a short-term transitional basis, has provided Liberty with certain support service and other assistance after the Acquisition in respect of the RedEnvelope business, which was not acquired by FTD as part of the Acquisition. Fees of $0.3 million were earned during the six months ended June 30, 2015. On April 1, 2015, Provide Commerce and Liberty entered into an amendment to the Services Agreement to extend the term of the Services Agreement to June 30, 2015.

The Acquisition purchase price was subject to adjustment based upon the final closing working capital, which adjustment was determined to be $9.9 million. In April 2015, FTD made a payment to Liberty in full satisfaction of this adjustment.

On April 30, 2015, the Company, through a wholly-owned subsidiary, entered into a Purchase and Sale Agreement with an indirect wholly-owned subsidiary of Liberty, pursuant to which the Company acquired certain residual assets previously used by Liberty in the online e-commerce business operated under the trade name of RedEnvelope for a cash purchase price of $0.3 million. The purchase price has been allocated to the assets acquired based on their relative fair values, resulting in allocated values of $0.1 million to fixed assets, $0.1 million to inventory, and $0.1 million to the trademark and trade name.

The I.S. Group Limited

Interflora holds a 20.4% investment in The I.S. Group Limited ("I.S. Group"), which totaled $1.8 million and $1.7 million at June 30, 2015 and December 31, 2014, respectively, and is included in other assets in the condensed consolidated balance sheets. The share of equity earnings was not material for separate presentation in these condensed consolidated financial statements. I.S. Group supplies floral-related products to Interflora's floral network members in both the U.K. and the Republic of Ireland as well as to other customers. Interflora derives revenues from I.S. Group from (i) the sale of products (sourced from third-party suppliers) to I.S. Group for which revenue is recognized on a gross basis, (ii) commissions on products sold by I.S. Group (sourced from third-party suppliers) to floral network members, and (iii) commissions for acting as a collection agent on behalf of I.S. Group. In the quarters ended June 30, 2015 and 2014, revenues related to products sold to and commissions earned from I.S. Group were $0.5 million and $0.6 million, respectively, and $1.4 million and $1.6 million for the six months ended June 30, 2015 and 2014, respectively. In addition, Interflora purchases products from I.S. Group for sale to consumers. The cost of revenues related to products purchased from I.S. Group was less than $0.1 million and $0.1 million in the quarters ended June 30, 2015 and 2014, respectively, and $0.2 million and $0.1 million for the six months ended June 30, 2015 and 2014, respectively. Amounts due from I.S. Group were $0.3 million and $0.5 million at June 30, 2015 and December 31, 2014, respectively, and amounts payable to I.S. Group were $1.1 million and $1.5 million at June 30, 2015 and December 31, 2014, respectively.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

6. GOODWILL, INTANGIBLE ASSETS, AND OTHER LONG-LIVED ASSETS

Goodwill

The changes in the net carrying amount of goodwill for the six months ended June 30, 2015, were as follows (in thousands):

	Consumer	Florist	International	Provide Commerce	Total
Goodwill at December 31, 2014	$ 133,226	$ 109,651	$ 92,259	$ 297,076	$ 632,212
Foreign currency translation	—	—	800	—	800
Provide Commerce acquisition[a]	—	—	—	13,478	13,478
Goodwill at June 30, 2015	$ 133,226	$ 109,651	$ 93,059	$ 310,554	$ 646,490

(a) Adjustments to goodwill include immaterial revisions to preliminary fair value amounts and the final working capital adjustment, which were recorded during the six months ended June 30, 2015.

In 2008, the Company recorded an impairment charge of $116.3 million. The table above reflects the Company's goodwill balances net of this accumulated impairment charge. The gross goodwill balance was $762.8 million at June 30, 2015.

Intangible Assets

Intangible assets are primarily related to the acquisition of Provide Commerce in December 2014 and the acquisition of the Company by United Online in August 2008 and consist of the following (in thousands):

	June 30, 2015			December 31, 2014		
	Gross Value	Accumulated Amortization	Net	Gross Value	Accumulated Amortization	Net
Complete technology	$ 77,903	$ (45,210)	$ 32,693	$ 77,847	$ (41,480)	$ 36,367
Customer contracts and relationships	196,442	(128,054)	68,388	199,271	(104,972)	94,299
Trademarks and trade names	277,390	(4,418)	272,972	305,245	(258)	304,987
Total	$ 551,735	$ (177,682)	$ 374,053	$ 582,363	$ (146,710)	$ 435,653

Some of the Company's trademarks and trade names are indefinite-lived for which there is no associated amortization expense or accumulated amortization. At June 30, 2015 and December 31, 2014, such indefinite-lived assets, after impairment and foreign currency translation adjustments, totaled $157.0 million and $247.5 million, respectively. During the six months ended June 30, 2015, the Company revised certain of its preliminary estimates of fair value and useful lives. These changes were not material and have been fully reflected in the statement of operations for the six months ended June 30, 2015. Included in the above intangible assets are $36.3 million of complete technology, $91.1 million of customer contracts and relationships, and $119.4 million of trademarks and trade names acquired in connection with the Acquisition, which are based on preliminary fair value estimates.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

6. GOODWILL, INTANGIBLE ASSETS, AND OTHER LONG-LIVED ASSETS (Continued)

Estimated future intangible assets amortization expense for each of the next five years and thereafter, was as follows (in thousands):

2015 (remainder of year)	$ 30,615
2016	61,180
2017	15,290
2018	15,289
2019	15,289
Thereafter	79,431
Total	$ 217,094

7. FINANCING ARRANGEMENTS

Amended and Restated Credit Agreement

On July 17, 2013, FTD Companies, Inc. entered into a credit agreement (the "2013 Credit Agreement") with Interflora, certain wholly-owned domestic subsidiaries of FTD Companies, Inc. party thereto as guarantors, the financial institutions party thereto from time to time, Bank of America Merrill Lynch and Wells Fargo Securities, LLC, as joint lead arrangers and book managers, and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"), which provided for a $350 million five-year revolving credit facility. On July 17, 2013, FTD Companies, Inc. drew $220 million of the new $350 million revolving credit facility and used this, together with approximately $19 million of its existing cash balance, to repay amounts outstanding under its previous credit facility in full and to pay fees and expenses related to the 2013 Credit Agreement.

On September 19, 2014, the Company entered into an amendment to the 2013 Credit Agreement (the "Credit Agreement Amendment"), with Interflora, the guarantors party thereto, the lenders party thereto, and the Administrative Agent. The Credit Agreement Amendment amended and restated the 2013 Credit Agreement in its entirety (as amended and restated, the "Amended and Restated Credit Agreement"). Among other things, the Amended and Restated Credit Agreement provided for a term loan in an aggregate principal amount of $200 million and provided for a revolving loan advance (the "Acquisition Advance") to finance the cash portion of the Acquisition purchase price.

The proceeds of the term loan were used to repay a portion of outstanding revolving loans and, on December 31, 2014, the Company borrowed $120 million under the Acquisition Advance to fund the cash portion of the Acquisition purchase price. The obligations under the Amended and Restated Credit Agreement are guaranteed by certain of FTD Companies, Inc.'s wholly-owned domestic subsidiaries (together with FTD Companies, Inc., the "U.S. Loan Parties"). In addition, the obligations under the Amended and Restated Credit Agreement are secured by a lien on substantially all of the assets of the U.S. Loan Parties, including a pledge of all of the outstanding capital stock of certain direct subsidiaries of the U.S. Loan Parties (except with respect to foreign subsidiaries and certain domestic subsidiaries whose assets consist primarily of foreign subsidiary equity interests, in which case such pledge is limited to 66% of the outstanding capital stock).

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. FINANCING ARRANGEMENTS (Continued)

The interest rates applicable to borrowings under the Amended and Restated Credit Agreement are based on either LIBOR plus a margin ranging from 1.50% per annum to 2.50% per annum, or a base rate plus a margin ranging from 0.50% per annum to 1.50% per annum, calculated according to the Company's net leverage ratio. At June 30, 2015, the base rate margin was 1.0% per annum and the LIBOR margin was 2.0% per annum. In addition, the Company pays a commitment fee ranging from 0.20% per annum to 0.40% per annum on the unused portion of the revolving credit facility. The interest rates (based on LIBOR) at June 30, 2015, under the term loan and the revolving credit facility were 2.28% and 2.19%, respectively. The commitment fee rate at June 30, 2015, was 0.30%. The Amended and Restated Credit Agreement contains customary representations and warranties, events of default, affirmative covenants and negative covenants, that, among other things, require the Company to maintain compliance with a maximum net leverage ratio and a minimum consolidated fixed charge coverage ratio, and impose restrictions and limitations on, among other things, investments, dividends, share repurchases, and asset sales, and the Company's ability to incur additional debt and additional liens.

The term loan is subject to amortization payments of $5 million per quarter and customary mandatory prepayments under certain conditions. In addition, during the six months ended June 30, 2015, the Company paid down $20 million of the amounts outstanding under the revolving credit facility. The outstanding balance of the term loan and all amounts outstanding under the revolving credit facility are due upon maturity in September 2019. The future minimum principal payments through the maturity date of the Amended and Restated Credit Agreement were as follows for each of the next five years (in thousands):

2015 (remainder of year)	$ 10,000
2016	20,000
2017	20,000
2018	20,000
2019	240,000
Total	$ 310,000

At June 30, 2015, the remaining borrowing capacity under the Amended and Restated Credit Agreement, which was reduced by $3.0 million in outstanding letters of credit, was $227.0 million. The changes in the Company's debt balances for the six months ended June 30, 2015, were as follows (in thousands):

	Balance at December 31, 2014	Repayments of Debt	Balance at June 30, 2015
Amended and Restated Credit Agreement:			
Revolving Credit Facility	$ 140,000	$ (20,000)	$ 120,000
Term Loan	200,000	(10,000)	190,000
Total	$ 340,000	$ (30,000)	$ 310,000

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

8. DERIVATIVE INSTRUMENTS

In March 2012, the Company entered into forward starting interest rate cap instruments based on 3-month LIBOR, effective January 2015 through June 2018. The forward starting interest rate cap instruments have aggregated notional values totaling $130 million. The interest rate cap instruments are designated as cash flow hedges against expected future cash flows attributable to future 3-month LIBOR interest payments on a portion of the outstanding borrowings under the Company's Amended and Restated Credit Agreement. The gains or losses on the instruments are reported in other comprehensive income to the extent that they are effective and are reclassified into earnings when the cash flows attributable to 3-month LIBOR interest payments are recognized in earnings.

The estimated fair values and notional values of outstanding derivative instruments at June 30, 2015 and December 31, 2014, were as follows (in thousands):

		Estimated Fair Value of Derivative Instruments		Notional Value of Derivative Instruments	
	Balance Sheet Location	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Derivative Assets:					
Interest rate caps	Other assets	$ 112	$ 370	$ 130,000	$ 130,000

The Company recognized the following losses from derivatives, before tax, in other comprehensive income (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Derivatives Designated as Cash Flow Hedging Instruments:				
Interest rate caps	$ (114)	$ (306)	$ (258)	$ (680)

The effective portion, before tax effect, of the Company's interest rate caps designated as cash flow hedging instruments was $1.6 million and $1.5 million at June 30, 2015 and December 31, 2014, respectively, $0.5 million of which was expected to be reclassified from accumulated other comprehensive loss into interest expense in the consolidated statements of operations within the next twelve months. During the quarter and six months ended June 30, 2015, $0.1 million and $0.2 million, respectively, was reclassified from accumulated other comprehensive loss into interest expense in the condensed consolidated statements of operations. No amounts were reclassified out of accumulated other comprehensive loss during the six months ended June 30, 2014.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. FAIR VALUE MEASUREMENTS

The following table presents estimated fair values of financial assets and liabilities and derivative instruments that were required to be measured at fair value on a recurring basis (in thousands):

	June 30, 2015			December 31, 2014		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Assets:						
Money market funds	$ 4,259	$ 3,911	$ 348	$ 56,595	$ 55,350	$ 1,245
Derivative assets	112	—	112	370	—	370
Total	$ 4,371	$ 3,911	$ 460	$ 56,965	$ 55,350	$ 1,615
Liabilities:						
Non-qualified deferred compensation plan	$ 8,369	$ —	$ 8,369	$ 11,617	$ —	$ 11,617
Total	$ 8,369	$ —	$ 8,369	$ 11,617	$ —	$ 11,617

Provide Commerce has an executive deferred compensation plan for key management level employees in which the employees may elect to defer receipt of current compensation. This plan is intended to be an unfunded, non-qualified deferred compensation plan that complies with the provisions of section 409A of the Internal Revenue Code. At the time of the Acquisition, contributions to the plan were suspended except those relating to any compensation earned but not yet paid as of the date of the Acquisition. The plan assets, which consist primarily of life insurance contracts recorded at their cash surrender value, were $12.5 million at both June 30, 2015 and December 31, 2014 and are included in other assets in the accompanying condensed consolidated balance sheets.

The Company estimated the fair value of its long-term debt using a discounted cash flow approach that incorporates a market interest yield curve with adjustments for duration and risk profile. In determining the market interest yield curve, the Company considered, among other factors, its estimated credit spread. At June 30, 2015, the Company estimated its credit spread as 2.0% and 2.6% for the term loan and revolving credit facility, respectively, resulting in yield-to-maturity estimates for the term loan and revolving credit facility of 3.4% and 4.0%, respectively. At December 31, 2014, the Company estimated its credit spread as 2.0% and 2.6% for the term loan and revolving credit facility, respectively, resulting in yield-to-maturity estimates for the term loan and revolving credit facility of 3.6% and 4.2%, respectively. The table below summarizes the carrying amounts and estimated fair values for long-term debt (in thousands):

	June 30, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value Level 2	Carrying Amount	Estimated Fair Value Level 2
Long-term debt, including current portion	$ 310,000	$ 309,041	$ 340,000	$ 338,223

Fair value approximates the carrying amount of financing receivables because such receivables are discounted at a rate comparable to market. Fair values of cash and cash equivalents, short-term accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts because of their short-term nature.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

10. STOCKHOLDERS' EQUITY

Common Stock Repurchases

On February 27, 2014, the Company's board of directors authorized a common stock repurchase program (the "Repurchase Program") that allows FTD Companies, Inc. to repurchase up to $50 million of its common stock from time to time over a two-year period in both open market and privately negotiated transactions. Repurchased shares generally will be held in treasury pending use for general corporate purposes, including issuances under various employee and director stock plans. No purchases were made under the Repurchase Program prior to 2015. As of June 30, 2015, the Company has repurchased 673,042 shares under the Repurchase Program at an average cost per share of $29.72.

Upon vesting of restricted stock units ("RSUs") or exercise of stock options, the Company does not collect the minimum statutory withholding taxes in cash from employees. Instead, the Company automatically withholds, from the RSUs that vest or stock options exercised, the portion of those shares with a fair market value equal to the amount of the minimum statutory withholding taxes due. The withheld shares are accounted for as repurchases of common stock but are not considered repurchases under the Repurchase Program. The Company then pays the minimum statutory withholding taxes in cash. During the six months ended June 30, 2015, 186,037 RSUs vested for which 59,086 shares were withheld to cover the minimum statutory withholding taxes of $2.0 million.

11. INCENTIVE COMPENSATION PLANS

The FTD Companies, Inc. Amended and Restated 2013 Incentive Compensation Plan authorizes the granting of awards to employees and non-employee directors, including stock options, stock appreciation rights, RSUs and other stock-based awards. In June 2015, stockholders approved the amendment and restatement of the Amended and Restated 2013 Incentive Compensation Plan (as so amended, the "Amended and Restated 2013 Plan"). Under the Amended and Restated 2013 Plan, 5.2 million shares of FTD common stock have been reserved for issuance of awards. At June 30, 2015, the Company had 4.8 million shares available for issuance under the Amended and Restated 2013 Plan. In addition, in July 2015, eligible employees of the Company were able to participate in the FTD Companies, Inc. 2015 Employee Stock Purchase Plan which was also approved by stockholders in June 2015.

On March 9, 2015, the Company granted RSUs to certain employees totaling 0.3 million shares. The RSUs granted will generally vest in four equal annual installments beginning on February 15, 2016. The RSUs were granted with an exercise price of $34.44, the market value of the underlying stock on the grant date.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. INCENTIVE COMPENSATION PLANS (Continued)

The following table summarizes the non-cash stock-based compensation incurred in the quarters ended June 30, 2015 and 2014, respectively, that has been included in the condensed consolidated statements of operations (in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Cost of revenues	$ 14	$ 26	$ 29	$ 59
Sales and marketing	680	644	1,137	1,160
General and administrative	1,704	1,231	3,174	2,344
Total stock-based compensation	$ 2,398	$ 1,901	$ 4,340	$ 3,563

12. INCOME TAXES

During the quarter ended June 30, 2015, the Company recorded a tax provision of $0.5 million on pre-tax income of $18.3 million, compared to a tax provision of $5.2 million on pre-tax income of $9.9 million for the quarter ended June 30, 2014. The effective tax rate decreased for the quarter ended June 30, 2015, as compared to the quarter ended June 30, 2014, primarily due to anticipated book losses in the U.S. resulting from the amortization of intangibles acquired in the Acquisition.

During the six months ended June 30, 2015, the Company recorded a tax provision of $0.3 million on pre-tax income of $20.2 million, compared to a tax provision of $10.3 million on pre-tax income of $24.6 million for the six months ended June 30, 2014. The effective tax rate decreased for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, primarily due to anticipated book losses in the U.S. resulting from the amortization of intangibles acquired in the Acquisition.

13. EARNINGS PER SHARE

Certain of the Company's RSUs are considered participating securities because they contain a non-forfeitable right to dividends irrespective of whether dividends are actually declared or paid or the awards ultimately vest. Accordingly, the Company computes earnings per share pursuant to the two-class method in accordance with ASC 260, *Earnings Per Share*.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. EARNINGS PER SHARE (Continued)

The following table sets forth the computation of basic and diluted earnings per common share (in thousands, except share and per share amounts):

	Quarter Ended June 30, 2015	Quarter Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Numerator:				
Net income	$ 17,819	$ 4,709	$ 19,853	$ 14,329
Income allocated to participating securities	(368)	(109)	(400)	(312)
Net income attributable to common stockholders	$ 17,451	$ 4,600	$ 19,453	$ 14,017
Denominator:				
Basic average common shares outstanding	28,692,592	18,932,162	28,953,470	18,904,713
Add: Dilutive effect of non-participating securities	34,939	38,068	50,669	45,252
Diluted average common shares outstanding	28,727,531	18,970,230	29,004,139	18,949,965
Basic earnings per common share	$ 0.61	$ 0.24	$ 0.67	$ 0.74
Diluted earnings per common share	$ 0.61	$ 0.24	$ 0.67	$ 0.74

In connection with the Acquisition, the Company issued 10,203,010 shares of FTD common stock to Liberty. The diluted earnings per common share computations exclude stock options and RSUs which are antidilutive. Weighted-average antidilutive shares for the quarter and six months ended June 30, 2015, were 0.6 million and 0.4 million, respectively.

14. RESTRUCTURING AND OTHER EXIT COSTS

Restructuring and other exit costs were as follows (in thousands):

	Employee Termination Costs	Facility Closure Costs	Asset Impairments	Total
Accrued as of December 31, 2014	$ 2,144	$ —	$ —	$ 2,144
Charges	1,995	1,135	1,282	4,412
Cash paid	(3,288)	(167)	—	(3,455)
Other adjustments	—	(55)	(1,282)	(1,337)
Accrued as of June 30, 2015	$ 851	$ 913	$ —	$ 1,764

During the six months ended June 30, 2015, the Company incurred restructuring and other exit costs of $4.4 million primarily related to severance and lease termination costs related to the shutdown of certain of the Provide Commerce developing businesses and two distribution centers, as well as other headcount reductions related to the integration of the Provide Commerce and legacy FTD businesses.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. CONTINGENCIES—LEGAL MATTERS

In 2010, FTD.COM and Classmates, Inc. (a wholly-owned subsidiary of United Online) received subpoenas from the Attorney General for the State of Kansas and the Attorney General for the State of Maryland, respectively. These subpoenas were issued on behalf of a Multistate Work Group that consists of the Attorneys General for the following states: Alabama, Alaska, Delaware, Florida, Idaho, Illinois, Kansas, Maine, Maryland, Michigan, Nebraska, New Mexico, New Jersey, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Texas, Vermont, Washington, and Wisconsin. The primary focus of the inquiry concerned certain post transaction sales practices in which these companies previously engaged with certain third party vendors. In the second quarter of 2012, FTD.COM and Classmates, Inc. received an offer of settlement from the Multistate Work Group consisting of certain injunctive relief and the consideration of two areas of monetary relief: (1) restitution to consumers and (2) a $20 million payment by these companies for the violations alleged by the Multistate Work Group and to reimburse the Multistate Work Group for its investigation costs. FTD.COM and Classmates, Inc. rejected the Multistate Work Group's offer. Following additional discussions with the Multistate Work Group, on December 23, 2014, FTD.COM and Classmates, Inc. submitted a proposal to resolve the matter without admitting liability by making a settlement payment in an aggregate amount of $8 million relating to both companies and $2.5 million restitution by Classmates, Inc. to a group of purchasers of its subscription services. On January 15, 2015, the Multistate Work Group responded to the companies' December 23, 2014 offer with a counter offer seeking a payment from FTD.COM and Classmates, Inc. of $8 million relating to both companies and restitution from Classmates, Inc. of $3 million. In March 2015, FTD.COM and Classmates, Inc. accepted the Multistate Work Group's latest counter offer. Final settlement agreements have been approved by the respective court in each of the States listed above and the respective settlement payments, totaling $2.8 million, were made by FTD.COM to the various states in 2015.

There are no assurances that additional governmental investigations or other legal actions will not be instituted in connection with the Company's former post-transaction sales practices or other current or former business practices. The Company cannot predict the outcome of governmental investigations or other legal actions or their potential implications for its business.

The Separation and Distribution Agreement which was executed between FTD and United Online in connection with the Company's November 2013 separation from United Online (the "Separation") provides United Online with the right to control the litigation and settlement of certain litigation matters that relate to United Online, its predecessors and its consolidated subsidiaries and the Company, its predecessors and its consolidated subsidiaries, and which were asserted before the Separation, as well as specified litigation matters which are asserted after the Separation. These matters include the ongoing matters relating to the Company's former post transaction sales practices or other current or former business practices described above. The Separation and Distribution Agreement also provides for the allocation of liabilities and expenses between United Online and the Company with respect to these matters. In May 2015, FTD and United Online entered into an amendment to the Separation and Distribution Agreement providing for the parties to jointly coordinate the litigation and settlement of certain specified litigation matters which are asserted after the Separation. In addition, pursuant to such amendment, the foregoing obligations of the parties will terminate on May 20, 2017, provided that for certain matters that may be pending as of such date, such obligations will terminate no later than May 20, 2019. The Separation and Distribution Agreement also establishes procedures with respect to claims subject to indemnification, insurance claims, and related matters. The Company

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. CONTINGENCIES—LEGAL MATTERS (Continued)

and United Online may not prevail in existing or future claims and any judgments against the Company, or settlement or resolution of such claims may involve the payment of significant sums, including damages, fines, penalties, or assessments, or changes to the Company's business practices.

In December 2008, Interflora, Inc. (in which the Company has a two-thirds ownership interest) and Interflora issued proceedings against Marks and Spencer plc ("Marks and Spencer") seeking injunctive relief, damages, interest, and costs in an action claiming infringement of U.K. trademark registration number 1329840 and European Community trademark registration number 909838, both for the word "Interflora". Marks and Spencer did not make a counterclaim. In July 2009, the High Court of Justice of England and Wales (the "High Court"), referred certain questions to the Court of Justice of European Union ("CJEU") for a preliminary ruling. In September 2011, the CJEU handed down its judgment on the questions referred by the High Court. In February 2012, the High Court scheduled the trial for April 2013. In September 2012, Interflora executed an indemnity agreement by which Interflora agreed to indemnify Interflora, Inc. against all losses and expenses arising out of this action which Interflora, Inc. may incur after July 10, 2012. The trial in this matter concluded in April 2013. In May 2013, the High Court ruled that Marks and Spencer infringed the Interflora trademarks. In June 2013, the High Court issued an injunction prohibiting Marks and Spencer from infringing the Interflora trademarks in specified jurisdictions and ordered Marks and Spencer to provide certain disclosures in order for damages to be quantified. The High Court granted Marks and Spencer permission to appeal the ruling. The appeal was heard by the Court of Appeal at a hearing held July 8-10, 2014. On November 5, 2014, the Court of Appeal issued its judgment upholding the appeal but did not determine the case in favor of either party, and instead remitted the case for a retrial by the High Court. On November 12, 2014, the Court of Appeal determined the order from its judgment, which became effective as of November 18, 2014, setting aside the order of the High Court from June of 2013. The part of the order lifting the injunction prohibiting Marks and Spencer from infringing the Interflora trademarks was lifted on December 2, 2014. At a case management conference on June 18, 2015, the High Court ordered that the parties take certain steps to allow it to determine the scope of the evidence at a resumed case management conference in November and ordered that the parties attend court to set a date for a six day retrial before the High Court. The retrial is currently expected to occur in April 2016.

Commencing on August 19, 2009, the first of a series of consumer class action lawsuits was brought against Provide Commerce, Inc. and co-defendant Regent Group, Inc. d/b/a Encore Marketing International ("EMI"). These cases were ultimately consolidated during the next three years into Case No. 09 CV 2094 in the United States District Court for the Southern District of California under the title In re EasySaver Rewards Litigation. Plaintiffs' claims arise from their online enrollment in subscription based membership programs known as EasySaver Rewards, RedEnvelope Rewards, and Preferred Buyers Pass (collectively the "Membership Programs"). Plaintiffs claim that after they ordered items from certain of Provide Commerce's websites, they were presented with an offer to enroll in one of the Membership Programs, each of which is offered and administered by EMI. Plaintiffs purport to represent a putative nationwide class of consumers allegedly damaged by Provide Commerce's purported unauthorized or otherwise allegedly improper transferring of the putative class members' billing information to EMI, who then posted allegedly unauthorized charges to their credit or debit card accounts for membership fees for the Membership Programs. On February 22, 2010, Provide Commerce and EMI respectively filed motions to dismiss. On August 13, 2010, the court entered an

15. CONTINGENCIES—LEGAL MATTERS (Continued)

order granting in part and denying in part the motions. Between August 13, 2010, and December 2011, plaintiffs filed various amended complaints and added or dismissed certain named plaintiffs. Plaintiffs filed the fourth amended complaint on December 14, 2011. The fourth amended complaint is the operative complaint. Plaintiffs assert ten claims against Provide Commerce and EMI in the fourth amended complaint: (1) breach of contract (against Provide Commerce only); (2) breach of contract (against EMI only); (3) breach of implied covenant of good faith and fair dealing; (4) fraud; (5) violations of the California Consumers Legal Remedies Act; (6) unjust enrichment; (7) violation of the Electronic Funds Transfer Act (against EMI only); (8) invasion of privacy; (9) negligence; and (10) violations of the Unfair Competition Law. Plaintiffs assert their claims individually and on behalf of a putative nationwide class. Plaintiffs sought damages, attorneys' fees, and costs. Provide Commerce and EMI filed motions to dismiss the claims of plaintiffs Lawler, Walters, Cox, and Dickey on January 24, 2012. The motions to dismiss were fully briefed as of February 23, 2012, but the court had not yet conducted a hearing or ruled on the motions. The parties participated in numerous settlement conferences and mediations throughout the case in an effort to resolve this matter. On April 9, 2012, the parties reached an agreement on the high level terms of a settlement, conditioned on the parties negotiating and executing a complete written agreement. In the weeks following April 9, 2012, the parties negotiated a formal written settlement agreement ("Settlement"). Upon reaching the Settlement, the hearing on the motions to dismiss was vacated, and Provide Commerce and EMI have not answered the fourth amended complaint in light of the Settlement. The court granted the plaintiffs' unopposed motion for preliminary approval of the Settlement on June 13, 2012. After notice to the class and briefing by the parties, the court conducted a final approval hearing (also known as a fairness hearing) on January 28, 2013, and took the matter under submission at the conclusion of the hearing. On February 4, 2013, the court entered its final order approving class action settlement, granting plaintiffs' motion for attorneys' fees, costs, and incentive awards, and overruling objections filed by a single objector to the Settlement. The court entered judgment on the settlement on February 21, 2013. The objector filed a notice of appeal with the Ninth Circuit Court of Appeals on March 4, 2013. After the completion of briefing, the Ninth Circuit set oral argument on the appeal for February 2, 2015. But on January 29, 2015, the Ninth Circuit entered an order deferring argument and resolution of the appeal pending the Ninth Circuit's decision in a matter captioned *Frank v. Netflix*, No. 12 15705+. The Ninth Circuit issued its opinion in *Frank v. Netflix*, No. 12 15705+ on February 27, 2015, affirming the district court's approval of a settlement between Walmart and a class of Netflix DVD subscribers. On March 19, 2015, the Ninth Circuit entered an order vacating the judgment in this matter and remanding it to the district court for further proceedings consistent with *Frank v. Netflix*. The Ninth Circuit's mandate issued on April 14, 2015, and the matter is now pending before the district court to consider final approval of the Settlement in light of *Frank v. Netflix*. On April 23, 2015, the district court entered an order reopening the case and ordering the parties to jointly submit a memorandum summarizing the import of the *Frank v. Netflix* decision and stating their intentions going forward. On May 4, 2015, such memorandum was filed by the parties and the objector also filed his own memorandum regarding these same topics on such date. After receiving the parties and objector's memoranda, the district court ordered supplemental briefing on the issue of final settlement approval on May 21, 2015. The parties filed their respective opening supplemental briefs on June 18, 2015, the objector filed his opposition supplemental brief on July 2, 2015, and the parties filed their respective reply supplemental briefs on July 16, 2015. The district court has not yet set the hearing date for the pending final settlement approval motion.

FTD COMPANIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. CONTINGENCIES—LEGAL MATTERS (Continued)

The Company records a liability when it believes that it is both probable that a loss has been incurred, and the amount of loss can be reasonably estimated. The Company evaluates, at least quarterly, developments in its legal matters that could affect the amount of liability that has been previously accrued, and makes adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount. The Company may be unable to estimate a possible loss or range of possible loss due to various reasons, including, among others: (i) if the damages sought are indeterminate, (ii) if the proceedings are in early stages, (iii) if there is uncertainty as to the outcome of pending appeals, motions or settlements, (iv) if there are significant factual issues to be determined or resolved, and (v) if there are novel or unsettled legal theories presented. In such instances, there is considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any. At June 30, 2015 and December 31, 2014, the Company had reserves totaling $3.1 million and $5.4 million, respectively, for estimated losses related to certain legal matters. With respect to other legal matters, the Company has determined, based on its current knowledge, that the amount of possible loss or range of loss, including any reasonably possible losses in excess of amounts already accrued, is not reasonably estimable. However, legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control. As such, there can be no assurance that the final outcome of these matters will not materially and adversely affect the Company's business, financial condition, results of operations, or cash flows.

16. SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow disclosures (in thousands):

	Six Months Ended June 30,	
	2015	2014
Cash paid for interest	$ 4,121	$ 2,352
Cash paid for income taxes, net	$ 14,202	$ 10,055

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are a premier floral and gifting company with a vision to be the leading and most trusted floral and gifting company in the world. Our mission is to inspire, support, and delight our customers when expressing life's most important sentiments. We provide floral, specialty foods, gift and related products and services to consumers, retail florists, and other retail locations and companies in need of floral and gifting solutions. Our business uses the highly-recognized FTD®, Interflora® (both supported by the iconic Mercury Man® logo), ProFlowers®, Shari's Berries®, and Personal Creations® brands. While we operate primarily in the United States ("U.S."), Canada, the United Kingdom ("U.K."), and the Republic of Ireland, we have worldwide presence as our Mercury Man logo is displayed in nearly 40,000 floral shops in approximately 150 countries. Our portfolio of brands also includes Flying Flowers, Flowers Direct, and Drake Algar in the U.K., and Cherry Moon Farms®, Gifts.com™, Sincerely™, and RedEnvelope® in the U.S. While floral arrangements and plants are our primary offerings, we also market and sell gift items, including gourmet-dipped berries, chocolate dip delights™ and other sweets, personalized gifts, premium fresh fruits, gift baskets, wine and champagne, jewelry and spa products.

Acquisition of Provide Commerce

On December 31, 2014, we acquired from a wholly-owned subsidiary of Liberty Interactive Corporation ("Liberty") all of the issued and outstanding shares of common stock of Provide Commerce, Inc., an indirect wholly-owned subsidiary of Liberty ("Provide Commerce"), for a purchase price consisting of (i) cash consideration of $106.6 million, excluding acquired cash on hand of $38.1 million and a post-closing working capital adjustment of $9.9 million, and (ii) 10,203,010 shares of FTD common stock, representing approximately 35% of the issued and outstanding shares of FTD common stock (the "Acquisition"). In April 2015, FTD made a payment to Liberty in full satisfaction of the post-closing working capital adjustment. Upon the closing of the Acquisition, Provide Commerce became an indirect wholly-owned subsidiary of FTD.

Reportable Segments

Prior to the Acquisition, we reported our business operations in three reportable segments: Consumer, Florist and International. As a result of the Acquisition, which was completed on December 31, 2014, we began reporting our business in four reportable segments: Consumer, Florist, International, and Provide Commerce.

Through our Consumer segment, we are a leading direct marketer of floral and gift products for consumers, primarily in the U.S. and Canada. Our Consumer segment operates primarily through the *www.ftd.com* website, associated mobile sites, and the 1-800-SEND-FTD telephone number. Through our Florist segment, we are a leading provider of products and services to our floral network members, which include traditional retail florists and other non-florist retail locations, primarily in the U.S. and Canada. We also provide products and services to other companies in need of floral and gifting solutions. Our International segment consists of Interflora, which operates primarily in the U.K. and the Republic of Ireland. Interflora is a leading direct marketer of floral and gift products for consumers and operates primarily through its *www.interflora.co.uk, www.flyingflowers.co.uk,* and *www.interflora.ie* websites, associated mobile sites, and various telephone numbers. Interflora also provides products and services to floral network members, funeral directors, independent gift shops, other retailers, and to other companies in need of floral and gifting solutions. Through our Provide Commerce segment, we are a leading direct marketer of floral and gift products for consumers, including specialty foods, personalized gifts, and other gifting products, primarily in the U.S. We operate primarily through our *www.proflowers.com, www.berries.com*, *www.personalcreations.com, www.cherrymoonfarms.com, www.proplants.com, and www.gifts.com* websites, associated mobile sites, mobile applications and various telephone numbers.

Items Affecting Comparability of Financial Results

As the Acquisition was completed on December 31, 2014, the Company's condensed consolidated statements of operations for the quarter and six months ended June 30, 2014, did not include the operations of the Provide Commerce segment. The financial information provided related to Provide Commerce for the quarter and six months ended June 30, 2014, is provided for informational purposes only and is unaudited. These unaudited pre-acquisition results of operations of Provide Commerce do not purport to be indicative of the results of future operations of the Provide Commerce segment or the results that would have actually been attained had the Acquisition been completed on or prior to January 1, 2014.

KEY BUSINESS METRICS

We review a number of key business metrics to help us monitor our performance and trends affecting our segments, and to develop forecasts and budgets. These key metrics include the following:

Segment operating income. Our chief operating decision maker uses segment operating income to evaluate the performance of our business segments and to make decisions about allocating resources among segments. Segment operating income is operating income excluding depreciation, amortization, litigation and dispute settlement charges or gains, transaction and integration-related costs, and restructuring and other exit costs. Stock-based compensation and general corporate expenses are not allocated to the segments. Segment operating income is prior to intersegment eliminations and excludes other income (expense). See Note 3—"Segment Information" of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for a reconciliation of segment operating income to consolidated operating income and consolidated income before income taxes.

Consumer orders. We monitor the number of consumer orders for floral, gift, and related products during a given period. Consumer orders are orders delivered during the period that originated in the U.S. and Canada, primarily from the *www.ftd.com*, *www.proflowers.com*, *www.berries.com*, and *www.personalcreations.com* websites, associated mobile sites and mobile applications, the 1-800-SEND-FTD telephone number and various other telephone numbers; and in the U.K. and the Republic of Ireland, primarily through the *www.interflora.co.uk, www.flyingflowers.co.uk,* and *www.interflora.ie* websites, associated mobile sites, and various telephone numbers. The number of consumer orders is not adjusted for non-delivered orders that are refunded on or after the scheduled delivery date. Orders originating with a florist or other retail location for delivery to consumers are not included as part of this number.

Average order value. We monitor the average value for consumer orders delivered in a given period, which we refer to as the average order value. Average order value represents the average amount received for consumer orders delivered during a period. The average order value of consumer orders within our Consumer, International, and Provide Commerce segments is tracked in their local currency, the U.S. Dollar ("USD") for both the Consumer and Provide Commerce segments and the British Pound ("GBP") for the International segment. The local currency amounts received for the International segment are then translated into U.S. dollars at the average currency exchange rate for the period. Average order value includes merchandise revenues and shipping or service fees paid by the consumer, less discounts and refunds (net of refund-related fees charged to floral network members).

Average revenues per member. We monitor average revenues per member for our floral network members in the Florist segment. Average revenues per member represents the average revenues earned from a member of our floral network during a period. Revenues include services revenues and products revenues, but exclude revenues from sales to non-members. Floral network members include our retail florists and other non-florist retail locations who offer floral and gifting solutions. Average revenues per member is calculated by dividing Florist segment revenues for the period, excluding sales to non-members, by the average number of floral network members for the period.

The table below sets forth, for the periods presented, our consolidated revenues, segment revenues, segment operating income, consumer orders, average order values, average revenues per member, and average currency exchange rates. The results of operations for Provide Commerce for the quarter and six months ended June 30, 2014, are set forth below and were derived from the unaudited pre-Acquisition results of operations of Provide Commerce. These unaudited pre-Acquisition results of operations of Provide Commerce have been included herein for informational purposes only and do not purport to be indicative of the results of future operations of the Provide Commerce segment or the results that would have actually been attained had the Acquisition been completed on or prior to January 1, 2014.

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014	$	%	2015	2014	$	%
	(in thousands, except for average order values, average revenues per member, and exchange rates)							
Consolidated:								
Consolidated revenues	$365,801	$168,094	$197,707	118%	$733,582	$357,947	$375,635	105%
Consumer:								
Segment revenues[a]	$ 97,652	$ 96,053	$ 1,599	2%	$185,722	$183,669	$ 2,053	1%
Segment operating income	$ 10,884	$ 10,588	$ 296	3%	$ 18,354	$ 18,678	$ (324)	(2)%
Consumer orders	1,343	1,342	1	—%	2,511	2,541	(30)	(1)%
Average order value	$ 68.74	$ 67.55	$ 1.19	2%	$ 69.97	$ 68.27	$ 1.70	3%
Florist:								
Segment revenues[a]	$ 43,165	$ 41,713	$ 1,452	3%	$ 89,169	$ 87,823	$ 1,346	2%
Segment operating income	$ 12,113	$ 12,078	$ 35	—%	$ 26,260	$ 25,246	$ 1,014	4%
Average revenues per member	$ 3,456	$ 3,203	$ 253	8%	$ 7,076	$ 6,582	$ 494	8%
International:								
Segment revenues (in USD)	$ 33,906	$ 35,835	$ (1,929)	(5)%	$ 89,162	$ 96,832	$ (7,670)	(8)%
Segment revenues (in GBP)	£ 22,096	£ 21,280	£ 816	4%	£ 58,613	£ 58,078	£ 535	1%
Segment operating income (in USD)	$ 3,823	$ 3,533	$ 290	8%	$ 11,800	$ 11,567	$ 233	2%
Consumer orders	539	535	4	1%	1,426	1,456	(30)	(2)%
Average order value (in USD)	$ 51.64	$ 55.68	$ (4.04)	(7)%	$ 51.29	$ 55.55	$ (4.26)	(8)%
Average order value (in GBP)	£ 33.66	£ 33.08	£ 0.58	2%	£ 33.73	£ 33.33	£ 0.40	1%
Average currency exchange rate: GBP to USD	1.53	1.68			1.52	1.67		
Provide Commerce:								
Segment revenues[a]	$196,548	$222,790	$ (26,242)	(12)%	$379,784	$414,579	$ (34,795)	(8)%
Segment operating income	$ 26,074	$ 13,976	$ 12,098	87%	$ 34,986	$ 24,421	$ 10,565	43%
Consumer orders	4,023	4,637	(614)	(13)%	7,603	8,441	(838)	(10)%
Average order value	$ 48.63	$ 47.68	$ 0.95	2%	$ 49.64	$ 48.73	$ 0.91	2%

(a) Segment revenues are prior to intersegment eliminations. See Note 3—"Segment Information" of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for a reconciliation of segment revenues to consolidated revenues.

CONSOLIDATED OPERATING RESULTS

The following table sets forth selected historical consolidated financial data. The information contained in the table below should be read in conjunction with "Liquidity and Capital Resources," included in this Item 2, and the condensed consolidated financial statements and accompanying notes thereto included in Part I, Item 1 of this Form 10-Q.

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014	$	%	2015	2014	$	%
	(in thousands, except percentages)							
Revenues	$ 365,801	$ 168,094	$ 197,707	118%	$ 733,582	$ 357,947	$ 375,635	105%
Operating expenses:								
Cost of revenues	228,027	105,823	122,204	115%	464,452	229,312	235,140	103%
Sales and marketing	70,638	29,418	41,220	140%	147,050	59,946	87,104	145%
General and administrative	29,363	17,039	12,324	72%	62,498	32,937	29,561	90%
Amortization of intangible assets	15,336	4,429	10,907	246%	30,737	8,841	21,896	248%
Restructuring and other exit costs	2,244	287	1,957	682%	4,412	287	4,125	1,437%
Total operating expenses	345,608	156,996	188,612	120%	709,149	331,323	377,826	114%
Operating income	20,193	11,098	9,095	82%	24,433	26,624	(2,191)	(8)%
Interest expense, net	(2,359)	(1,243)	(1,116)	(90)%	(4,667)	(2,481)	(2,186)	(88)%
Other (expense) income, net	437	86	351	408%	426	472	(46)	(10)%
Income before income taxes	18,271	9,941	8,330	84%	20,192	24,615	(4,423)	(18)%
Provision for income taxes	452	5,232	(4,780)	(91)%	339	10,286	(9,947)	(97)%
Net income	$ 17,819	$ 4,709	$ 13,110	278%	$ 19,853	$ 14,329	$ 5,524	39%

Consolidated Revenues

Consolidated revenues increased $197.7 million for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Foreign currency exchange rates unfavorably impacted revenues by $3.3 million during the quarter ended June 30, 2015. The increase in consolidated revenues was primarily due to $196.5 million of revenues associated with our Provide Commerce segment, a $1.6 million increase in revenues from our Consumer segment, and a $1.5 million increase in revenues from our Florist segment, partially offset by a $1.9 million decrease ($1.4 million increase in constant currency) in revenues from our International segment.

Consolidated revenues increased $375.6 million for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Foreign currency exchange rates unfavorably impacted revenues by $8.6 million during the six months ended June 30, 2015. The increase in consolidated revenues was primarily due to $379.8 million of revenues associated with our Provide Commerce segment, a $2.1 million increase in revenues from our Consumer segment, and a $1.3 million increase in revenues from our Florist segment, partially offset by a $7.7 million decrease ($0.9 million increase in constant currency) in revenues from our International segment.

Consolidated Cost of Revenues

Consolidated cost of revenues increased $122.2 million for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Foreign currency exchange rates had a $2.2 million favorable impact on cost of revenues for the quarter ended June 30, 2015. The increase in consolidated cost of revenues was primarily due to $121.5 million of cost of revenues associated with our Provide Commerce segment, partially offset by a $1.8 million decrease (increase of $0.4 million in constant currency) in cost of revenues associated with our International segment, a $1.0 million increase in cost of revenues associated with our Florist segment, and a $0.6 million increase in cost of revenues associated with our Consumer segment. In addition depreciation expense increased $1.0 million for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Consolidated cost of revenues, as a percentage of consolidated revenues, was 62% for the quarter ended June 30, 2015, compared to 63% for the quarter ended June 30, 2014.

Consolidated cost of revenues increased $235.1 million for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Foreign currency exchange rates had a $5.9 million favorable impact on cost of revenues for the six months ended June 30, 2015. The increase in consolidated cost of revenues was primarily due to $239.5 million of cost of revenues associated with our Provide Commerce segment, partially offset by a $6.0 million decrease (flat in constant currency) in cost of revenues associated with our International segment and a $0.2 million decrease in cost of revenues associated with our Consumer segment. Cost of revenues associated with our Florist segment was flat for the six months ended June 30, 2014, compared to the six months ended June 30, 2014. In addition, depreciation expense increased $1.9 million for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Consolidated cost of revenues, as a percentage of consolidated revenues, was 63% for the six months ended June 30, 2015, compared to 64% for the six months ended June 30, 2014.

Consolidated Sales and Marketing

Consolidated sales and marketing expenses increased $41.2 million during the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Foreign currency exchange rates had a $0.4 million favorable impact on sales and marketing expenses for the quarter ended June 30, 2015. The increase in consolidated sales and marketing expenses was primarily due to $40.2 million of sales and marketing expenses associated with our Provide Commerce segment and increases of $0.8 million and $0.5 million in sales and marketing expenses associated with our Consumer and Florist segments, respectively, partially offset by a $0.4 million decrease (flat in constant currency) in sales and marketing expenses associated with our International segment. Consolidated sales and marketing expenses, as a percentage of consolidated revenues, was 19% for the quarter ended June 30, 2015, compared to 18% for the quarter ended June 30, 2014.

Consolidated sales and marketing expenses increased $87.1 million during the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Foreign currency exchange rates had a $0.9 million favorable impact on sales and marketing expenses for the six months ended June 30, 2015. The increase in consolidated sales and marketing expenses was primarily due to $85.5 million of sales and marketing expenses associated with our Provide Commerce segment, increases of $2.7 million and $0.5 million in sales and marketing expenses associated with our Consumer and Florist segments, respectively, partially offset by a $1.7 million decrease ($0.7 million in constant currency) in sales and marketing expenses associated with our International segment. Consolidated sales and marketing expenses, as a percentage of consolidated revenues, was 20% for the six months ended June 30, 2015, compared to 17% for the six months ended June 30, 2014.

Consolidated General and Administrative

Consolidated general and administrative expenses increased $12.3 million for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. The increase in consolidated general and administrative expenses was primarily due to $8.8 million of general and administrative expenses associated with our Provide Commerce segment, excluding depreciation. In addition, during the quarter ended June 30, 2015, depreciation expense increased $2.2 million primarily due to assets acquired in the Acquisition. Further, personnel-related costs increased $1.6 million due to increased headcount, stock-based compensation, and other compensation costs. Costs related to insurance and other professional services fees also increased by $0.6 million. Partially offsetting these increases was a decrease in our transaction and integration-related costs of $0.7 million and a decrease in litigation and dispute settlement charges of $0.3 million in the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Consolidated general and administrative expenses, as a percentage of consolidated revenues, was 8% for the quarter ended June 30, 2015, compared to 10% for the quarter ended June 30, 2014.

Consolidated general and administrative expenses increased $29.6 million for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. The increase in consolidated general and administrative expenses was primarily due to $19.8 million of general and administrative expenses associated with our Provide Commerce segment, excluding depreciation. In addition, during the six months ended June 30, 2015, depreciation expense increased $4.0 million primarily due to assets acquired in the Acquisition. Further, consolidated general and administrative expenses increased $3.3 million due to transaction and integration-related costs, primarily associated with the acquisition of Provide Commerce. Personnel-related costs increased $2.4 million, primarily due to increased headcount, stock-based compensation, and other compensation costs. Consolidated general and administrative expenses, as a percentage of consolidated revenues, was 9% for the six months ended June 30, 2015, consistent with the six months ended June 30, 2014.

Amortization of Intangible Assets

Amortization of intangible assets increased $10.9 million and $21.9 million for the quarter and six months ended June 30, 2015, compared to the quarter and six months ended June 30, 2014, respectively, primarily due to the addition of intangible assets acquired in the Acquisition.

Restructuring and Other Exit Costs

During the quarter and six months ended June 30, 2015, the Company incurred restructuring and other exit costs of $2.2 million and $4.4 million, respectively, associated with headcount reductions related to the integration of the Provide Commerce and legacy FTD businesses as well as severance, lease termination, and other exit costs related to the shutdown of certain of the Provide Commerce developing businesses in the first quarter and two distribution centers in the second quarter of 2015. During the quarter and six months ended June 30, 2014, we incurred restructuring and other exit costs of $0.3 million primarily related to closure of various U.K. garden center concession stands.

Interest Expense, Net

Interest expense increased $1.1 million and $2.2 million for the quarter and six months ended June 30, 2015, compared to the quarter and six months ended June 30, 2014, respectively, due primarily to higher debt principal balances outstanding associated with the incremental borrowing for the Acquisition as well as higher interest rates and increased amortization of both the interest rate cap and deferred financing fees.

Provision for Income Taxes

During the quarter ended June 30, 2015, we recorded a tax provision of $0.5 million on pre-tax income of $18.3 million, compared to a tax provision of $5.2 million on pre-tax income of $9.9 million for the quarter ended June 30, 2014. The effective tax rate decreased primarily due to anticipated book losses in the U.S. resulting from the amortization of the intangibles acquired in the Acquisition.

During the six months ended June 30, 2015, we recorded a tax provision of $0.3 million on pre-tax income of $20.2 million, compared to a tax provision of $10.3 million on pre-tax income of $24.6 million for the six months ended June 30, 2014. The effective tax rate decreased primarily due to anticipated book losses in the U.S. resulting from the amortization of the intangibles acquired in the Acquisition.

BUSINESS SEGMENT OPERATING RESULTS

Prior to the Acquisition, the Company reported its business operations in three reportable segments: Consumer, Florist, and International. As a result of the Acquisition, the Company began reporting its business in four reportable segments: Consumer, Florist, International, and Provide Commerce. Segment operating income is operating income excluding depreciation, amortization, litigation and dispute settlement charges or gains, transaction and integration-related costs, and restructuring and other exit costs. Stock-based compensation and general corporate expenses are not allocated to the segments. Segment operating income is prior to intersegment eliminations and excludes other income (expense).

CONSUMER SEGMENT

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014	$	%	2015	2014	$	%
	(in thousands, except percentages and average order values)							
Segment revenues	$ 97,652	$ 96,053	$ 1,599	2%	$ 185,722	$ 183,669	$ 2,053	1%
Segment operating income	$ 10,884	$ 10,588	$ 296	3%	$ 18,354	$ 18,678	$ (324)	(2)%
Key metrics and other financial data:								
Consumer orders	1,343	1,342	1	—%	2,511	2,541	(30)	(1)%
Average order value	$ 68.74	$ 67.55	$ 1.19	2%	$ 69.97	$ 68.27	$ 1.70	3%
Segment operating margin	11%	11%			10%	10%		

Consumer Segment Revenues

Consumer segment revenues increased $1.6 million, or 2%, for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014, primarily driven by a 2% increase in average order value associated with our sympathy business, consumers upgrading to higher value offerings, and other merchandising improvements.

Consumer segment revenues increased $2.1 million, or 1%, for the six months ended June 30, 2015, compared to the six months ended June 30, 2014, primarily driven by a 3% increase in average order value associated with our sympathy business, consumers upgrading to higher value offerings, and other merchandising improvements, partially offset by a 1% decrease in consumer order volume. Consumer order volume declined during the Valentine's Day and Mother's Day holiday periods, offset in part by growth in order volume outside of these holiday periods.

Consumer Segment Operating Income

Consumer segment operating income increased $0.3 million, or 3%, for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014, as revenue increased $1.6 million while operating expenses increased by $1.3 million. Cost of revenues increased $0.6 million primarily driven by an increase in product costs associated with the higher revenues. Sales and marketing expenses increased $0.8 million primarily due to increased costs on certain partner programs, including sympathy, which was only partially mitigated by reduced spending in other channels, including online. Consumer segment operating margin remained consistent at 11% for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014.

Consumer segment operating income decreased $0.3 million, or 2%, for the six months ended June 30, 2015, compared to the six months ended June 30, 2014, as revenue increased $2.1 million while operating expenses increased by $2.4 million. Cost of revenues decreased $0.2 million as increases related to higher average order values were more than offset by decreases associated with fewer orders as well as cost favorability related to both product and shipping costs. Sales and marketing expenses increased $2.7 million primarily due to increased spending on certain partner programs including sympathy, as well as testing of other marketing programs. The consumer segment operating margin remained consistent at 10% for the six months ended June 30, 2015, compared to the six months ended June 30, 2014.

FLORIST SEGMENT

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014	$	%	2015	2014	$	%
	(in thousands, except percentages and average revenues per member)							
Segment revenues	$ 43,165	$ 41,713	$ 1,452	3%	$ 89,169	$ 87,823	$ 1,346	2%
Segment operating income	$ 12,113	$ 12,078	$ 35	—%	$ 26,260	$ 25,246	$ 1,014	4%
Key metrics and other financial data:								
Average revenues per member	$ 3,456	$ 3,203	$ 253	8%	$ 7,076	$ 6,582	$ 494	8%
Segment operating margin	28%	29%			29%	29%		

Florist Segment Revenues

Florist segment revenues increased $1.5 million for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Product revenues increased $1.8 million primarily due to an increase in sales of fresh flowers. Services revenues decreased $0.3 million due to a $0.5 million decrease in subscription and other services revenues, partially offset by a $0.2 million increase in order-related revenues. Average revenues per member increased 8% to $3,456 for the quarter ended June 30, 2015, compared to $3,203 for the quarter ended June 30, 2014.

Florist segment revenues increased $1.3 million for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Product revenues increased $1.9 million primarily due to an increase in sales of fresh flowers. Services revenues decreased $0.6 million due to a $1.3 million decrease in subscription and other services revenues, partially offset by a $0.7 million increase in order-related revenues. Average revenues per member increased 8% to $7,076 for the six months ended June 30, 2015, compared to $6,582 for the six months ended June 30, 2014.

Florist Segment Operating Income

Florist segment operating income remained flat for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014, as revenue increased $1.5 million while operating expenses increased by $1.5 million. Cost of revenues increased $1.0 million, primarily driven by the increase in product revenues. Sales and marketing expenses increased $0.5 million associated with the increase in order related revenues. The Florist segment operating margin decreased slightly to 28% for the quarter ended June 30, 2015, compared to 29% in the quarter ended June 30, 2014.

Florist segment operating income increased $1.0 million, or 4%, for the six months ended June 30, 2015, compared to the six months ended June 30, 2014, as the revenue increase of $1.3 million was partially offset by a $0.3 million increase in operating expenses. Cost of revenues was flat for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Sales and marketing expenses increased $0.5 million primarily due to a $1.1 million increase associated with the increase in order related revenues, which was partially offset by a $0.6 million reduction in other sales and marketing expenses and personnel-related costs. The Florist segment operating margin remained consistent at 29% for the six months ended June 30, 2015, compared to the six months ended June 30, 2014.

INTERNATIONAL SEGMENT

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014	$	%	2015	2014	$	%
	(in thousands, except percentages, average order values, and exchange rates)							
Segment revenues (in USD)	$ 33,906	$ 35,835	$ (1,929)	(5)%	$ 89,162	$ 96,832	$ (7,670)	(8)%
Segment revenues (in GBP)	£ 22,096	£ 21,280	£ 816	4%	£ 58,613	£ 58,078	£ 535	1%
Segment operating income (in USD)	$ 3,823	$ 3,533	$ 290	8%	$ 11,800	$ 11,567	$ 233	2%
Key metrics and other financial data:								
Consumer orders	539	535	4	1%	1,426	1,456	(30)	(2)%
Average order value (in USD)	$ 51.64	$ 55.68	$ (4.04)	(7)%	$ 51.29	$ 55.55	$ (4.26)	(8)%
Average order value (in GBP)	£ 33.66	£ 33.08	£ 0.58	2%	£ 33.73	£ 33.33	£ 0.40	1%
Segment operating margin	11%	10%			13%	12%		
Average currency exchange rate: GBP to USD	1.53	1.68			1.52	1.67		

We present certain results from our International segment on a constant currency basis. Such constant currency information compares results between periods as if foreign currency exchange rates had remained constant period-over-period. We calculate constant currency by applying the foreign currency exchange rate for the prior period to the local currency results for the current period.

International Segment Revenues

International segment revenues decreased $1.9 million, or 5% (increased $1.4 million, or 4%, in constant currency), for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. The increase in revenues in constant currency was primarily due to an increase in average order value of 2%, as well as an increase in consumer orders of 1%. In addition, revenues from Interflora's florist business increased, driven by sales of wholesale products and increases in member fee revenues.

International segment revenues decreased $7.7 million, or 8% (increased $0.9 million, or 1%, in constant currency), for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. The increase in revenues in constant currency was primarily due to an increase in average order value of 1%, in addition to increased revenues from Interflora's florist business driven by sales of wholesale products and increases in member fee revenues. These increases were partially offset by a 2% decrease in consumer order volume, primarily related to declines in the Valentine's Day and U.K. Mother's Day holiday periods, offset in part by growth in order volume outside of these holiday periods.

International Segment Operating Income

International segment operating income increased $0.3 million, or 8% ($0.7 million, or 19%, in constant currency), for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. Revenue decreases of $1.9 million (increase of $1.4 million in constant currency) were offset by a decrease in operating expenses of $2.2 million ($0.7 million increase in constant currency). Cost of revenues decreased $1.8 million (increased $0.4 million in constant currency) primarily driven by an increase in consumer orders and wholesale revenues. Sales and marketing expenses decreased $0.4 million (flat in constant currency) due to the closure of the U.K. garden center concession stands in the prior year and reduced online and other marketing spend, offset by increased brand marketing spend. International segment operating margin increased to 11% for the quarter ended June 30, 2015, compared to 10% for the quarter ended June 30, 2014.

International segment operating income increased $0.2 million, or 2% (increased $1.4 million, or 12%, in constant currency), for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. Revenue decreases of $7.7 million (increase of $0.9 million in constant currency) were offset by a decrease in operating expenses of $7.9 million ($0.5 million in constant currency). Cost of revenues decreased $6.0 million (flat in constant currency) primarily driven by a favorable change in foreign currency exchange rates. In constant currency, the decrease in cost of revenues related to decreases in consumer order revenue was offset by increases in costs associated with wholesale revenues. Sales and marketing expenses decreased $1.7 million ($0.7 million in constant currency) related to lower consumer order volume and closure of the U.K. garden center concession stands, partially offset by investments related to improving customer service metrics. International segment operating margin increased to 13% for the six months ended June 30, 2015, compared to 12% for the six months ended June 30, 2014.

PROVIDE COMMERCE SEGMENT

The results of operations for Provide Commerce for the quarter and six months ended June 30, 2014 are set forth below and were derived from the unaudited pre-Acquisition results of operations of Provide Commerce. These unaudited pre-Acquisition results of operations of Provide Commerce have been included herein for informational purposes only and do not purport to be indicative of the results of future operations of the Provide Commerce segment or the results that would have actually been attained had the Acquisition been completed on or prior to January 1, 2014.

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014 (Pre-Acquisition)	$	%	2015	2014 (Pre-Acquisition)	$	%
	(in thousands, except percentages and average order values)							
Segment revenues	$196,548	$ 222,790	$(26,242)	(12)%	$379,784	$ 414,579	$(34,795)	(8)%
Segment operating income	$ 26,074	$ 13,976	$ 12,098	87%	$ 34,986	$ 24,421	$ 10,565	43%
Key metrics and other financial data:								
Consumer orders	4,023	4,637	(614)	(13)%	7,603	8,441	(838)	(10)%
Average order value	$ 48.63	$ 47.68	$ 0.95	2%	$ 49.64	$ 48.73	$ 0.91	2%
Segment operating margin	13%	6%			9%	6%		

Provide Commerce Segment Revenues

Provide Commerce segment revenues decreased $26.2 million, or 12%, for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014, primarily driven by a 13% decrease in consumer order volume partially offset by a 2% increase in average order value. The revenue decline primarily resulted from the ProFlowers business, which represented $24.3 million of the total decline. The Gourmet Foods business reported a modest decline during the Mother's Day holiday period with growth outside of that holiday period. The Personal Creations business reported growth in the quarter.

Provide Commerce segment revenues decreased $34.8 million, or 8%, for the six months ended June 30, 2015, compared to the six months ended June 30, 2014, primarily driven by a 10% decrease in consumer order volume partially offset by a 2% increase in average order value. The revenue decline primarily resulted from the ProFlowers business, which represented $37.0 million of the total decline. Revenue in the Gourmet Foods business was consistent with the prior year and the Personal Creations business reported strong growth.

Provide Commerce Segment Operating Income

Provide Commerce segment operating income increased $12.1 million, or 87%, for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014, primarily due to a $38.3 million decrease in operating expenses. The decrease in operating expenses was due primarily to reductions in product and shipping costs associated with the lower order volume, as well as planned reductions in marketing expenditures and personnel-related costs, during the quarter ended June 30, 2015. Provide Commerce segment operating margin increased to 13% for the quarter ended June 30, 2015, compared to 6% for the quarter ended June 30, 2014.

Provide Commerce segment operating income increased $10.6 million, or 43%, for the six months ended June 30, 2015, compared to the six months ended June 30, 2014, primarily due to a $45.4 million decrease in operating expenses. The decrease in operating expenses was due primarily to reductions in product and shipping costs associated with the lower order volume, as well as planned reductions in marketing expenditures and personnel-related costs, during the six months ended June 30, 2015. Provide Commerce segment operating margin increased to 9% for the six months ended June 30, 2015, compared to 6% for the six months ended June 30, 2014.

UNALLOCATED EXPENSES

	Quarter Ended June 30,		Change		Six Months Ended June 30,		Change	
	2015	2014	$	%	2015	2014	$	%
	(in thousands, except percentages)							
Unallocated expenses	$ 11,543	$ 7,999	$ 3,544	44%	$ 25,054	$ 14,838	$ 10,216	69%

Unallocated expenses include various corporate costs, such as corporate finance, legal, and human resources costs. In addition, unallocated expenses include stock-based compensation for all eligible Company employees, restructuring and other exit costs, transaction and integration-related costs, and litigation and dispute settlement charges or gains.

Unallocated expenses increased $3.5 million for the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014. The increase in unallocated expenses was primarily due to an increase in restructuring and other exit costs of $2.0 million. Personnel-related costs also increased by $1.6 million, due to increased headcount, stock-based compensation, and other compensation costs. During the quarter ended June 30, 2015, costs related to insurance and other professional services fees increased $0.8 million compared to the quarter ended June 30, 2014. Partially offsetting these increases was a decrease in our transaction and integration-related costs of $0.7 million and a decrease in litigation and dispute settlement charges of $0.3 million in the quarter ended June 30, 2015, compared to the quarter ended June 30, 2014.

Unallocated expenses increased $10.2 million for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. During the six months ended June 30, 2015 we incurred restructuring and other exit costs of $4.4 million associated with the Acquisition, compared to $0.3 million of restructuring costs incurred in the six months ended June 30, 2014 associated with the closure of various garden center concession stands in the U.K. During the six months ended June 30, 2015, our transaction and integration-related costs also increased $3.5 million compared to the six months ended June 30, 2014. Personnel-related costs increased $2.4 million, primarily due to increased headcount, stock-based compensation, and other compensation costs. Costs related to insurance and other professional services fees increased $1.1 million. Partially offsetting these increases was a decrease in litigation and dispute settlement charges of $1.0 million in the six months ended June 30, 2015, compared to the six months ended June 30, 2014.

LIQUIDITY AND CAPITAL RESOURCES

2013 Credit Agreement

On July 17, 2013, FTD Companies, Inc. entered into a credit agreement (the "2013 Credit Agreement") with Interflora British Unit, certain wholly-owned domestic subsidiaries of FTD Companies, Inc. party thereto as guarantors, the financial institutions party thereto from time to time, Bank of America Merrill Lynch and Wells Fargo Securities, LLC, as joint lead arrangers and book managers, and Bank of America, N.A., as the administrative agent for the lenders, which provided for a $350 million five-year revolving credit facility. On July 17, 2013, FTD Companies, Inc. drew $220 million of the $350 million revolving credit facility and used this, together with approximately $19 million of its existing cash balance, to repay amounts outstanding under its previous credit facility in full and to pay fees and expenses related to the 2013 Credit Agreement.

On September 19, 2014, the Company entered into an amendment to the 2013 credit agreement (the "Amended and Restated Credit Agreement"). Among other things, the Amended and Restated Credit Agreement provided for a term loan in an aggregate principal amount of $200 million, the proceeds of which were used to repay a portion of outstanding revolving loans under the Amended and Restated Credit Agreement, and also provided for a revolving loan advance (the "Acquisition Advance") to finance the cash portion of the Acquisition purchase price. On December 31, 2014, we borrowed $120 million under the Acquisition Advance to fund the cash portion of the Acquisition purchase price.

The obligations under the Amended and Restated Credit Agreement are guaranteed by certain of FTD Companies, Inc.'s wholly-owned domestic subsidiaries (together with FTD Companies, Inc., the "U.S. Loan Parties"). In addition, the obligations under the Amended and Restated Credit Agreement are secured by a lien on substantially all of the assets of the U.S. Loan Parties, including a pledge of all of the outstanding capital stock of certain direct subsidiaries of the U.S. Loan Parties (except with respect to foreign subsidiaries and certain domestic subsidiaries whose assets consist primarily of foreign subsidiary equity interests, in which case such pledge is limited to 66% of the outstanding capital stock).

The interest rates applicable to borrowings under the Amended and Restated Credit Agreement are based on either LIBOR plus a margin ranging from 1.50% per annum to 2.50% per annum, or a base rate plus a margin ranging from 0.50% per annum to 1.50% per annum, calculated according to the Company's net leverage ratio. In addition, the Company pays a commitment fee ranging from 0.20% per annum to 0.40% per annum on the unused portion of the revolving credit facility. The interest rates (based on LIBOR) at June 30, 2015 under the term loan and the revolving credit facility were 2.28% and 2.19%, respectively. The commitment fee rate at June 30, 2015 was 0.30%. The Amended and Restated Credit Agreement contains customary representations and warranties, events of default, affirmative covenants, and negative covenants, that, among other things, require the Company to maintain compliance with a maximum net leverage ratio and a minimum consolidated fixed charge coverage ratio, and impose restrictions and limitations on, among other things, investments, dividends, share repurchases, and asset sales, and the Company's ability to incur additional debt and additional liens. The Company was in compliance with all covenants under the Amended and Restated Credit Agreement at June 30, 2015.

The term loan is subject to amortization payments of $5 million per quarter and customary mandatory prepayments under certain conditions. During the six months ended June 30, 2015, the Company paid down $20 million of the amounts outstanding under the revolving credit facility. The outstanding balance of the term loan and all amounts outstanding under the revolving credit facility are due upon maturity in September 2019.

The degree to which our assets are leveraged and the terms of our debt could materially and adversely affect our ability to obtain additional capital, as well as the terms at which such capital might be offered to us. We currently expect to have sufficient liquidity to meet our obligations for at least the next twelve months, including interest payment obligations, quarterly amortization payments and mandatory prepayments, if any, under the Amended and Restated Credit Agreement.

Six Months Ended June 30, 2015 compared to Six Months Ended June 30, 2014

Our total cash and cash equivalents balance decreased by $41.7 million to $53.9 million at June 30, 2015, compared to $95.6 million at December 31, 2014. Our summary cash flows for the periods presented were as follows (in thousands):

	Six Months Ended June 30,	
	2015	**2014**
Net cash provided by operating activities	$ 27,396	$ 19,234
Net cash used for investing activities	$ (17,467)	$ (3,139)
Net cash used for financing activities	$ (51,197)	$ (1,031)

Net cash provided by operating activities increased by $8.2 million. Net cash provided by operating activities is driven by our net income adjusted for non-cash items including, but not limited to, depreciation and amortization, deferred taxes, stock-based compensation, and changes in working capital. The increase in net cash provided by operating activities was due to an increase of $29.9 million in non-cash items and a $5.5 million increase in net income which was partially offset by a $27.3 million change in operating assets and liabilities. Changes in working capital can cause variation in our cash flows provided by operating activities due to seasonality, timing, and other factors.

Net cash used for investing activities increased by $14.3 million due to payment of the post-closing working capital adjustment and an increase in purchases of property and equipment, both of which related to the Acquisition. We currently anticipate that our total capital expenditures for 2015 will be approximately $25 million. The actual amount of future capital expenditures may fluctuate due to a number of factors, including, without limitation, potential future acquisitions and new business initiatives, which are difficult to predict and which could change significantly over time. Additionally, technological advances may require us to make capital expenditures to develop or acquire new equipment or technology in order to replace aging or technologically obsolete equipment.

Net cash used for financing activities increased by $50.2 million. The increase in net cash used for financing activities was primarily due to the repayment of $30.0 million of outstanding amounts under the Amended and Restated Credit Agreement during the six months ended June 30, 2015. In addition, we paid $20.0 million to repurchase 673,042 shares of our common stock under the Repurchase Program, as described below, and $2.0 million related to withholding taxes on vested restricted stock units, during the six months ended June 30, 2015. During the six months ended June 30, 2014, we paid $1.8 million related to withholding taxes on vested restricted stock units. We withhold shares to cover withholding taxes on vested restricted stock units and pay these taxes in cash.

We currently expect to continue to generate positive cash flows from operations at least for the next twelve months. We may use our existing cash balances and future cash generated from operations to fund, among other things, working capital, stock repurchases, interest payment obligations, quarterly amortization payments and mandatory prepayments, if any, under the Amended and Restated Credit Agreement, capital expenditures, and acquisitions.

If we need to raise additional capital through public or private debt or equity financings, strategic relationships, or other arrangements, this capital might not be available to us in a timely manner, on acceptable terms, or at all. Our failure to raise sufficient capital when needed could severely constrain or prevent us from, among other factors, developing new or enhancing existing services or products, acquiring other services, businesses, or technologies, or funding significant capital expenditures and may have a material adverse effect on our business, financial position, results of operations, and cash flows, as well as impair our ability to service our debt obligations. If additional funds were raised through the issuance of equity or convertible debt securities, the percentage of stock owned by the then-current stockholders could be reduced. Furthermore, such equity or any debt securities that we issue might have rights, preferences, or privileges senior to holders of our common stock. In addition, trends in the securities and credit markets may restrict our ability to raise any such additional funds, at least in the near term.

On February 27, 2014, our board of directors authorized a common stock repurchase program (the "Repurchase Program") that allows us to repurchase up to $50 million of FTD common stock from time to time over a two-year period in both open market and privately negotiated transactions. No purchases were made under the Repurchase Program prior to 2015. As of June 30, 2015, the Company has repurchased 673,042 shares under the Repurchase Program at an average cost per share of $29.72.

Contractual Obligations and Other Commitments

There have been no material changes, outside the ordinary course of business, related to the Company's contractual obligations or other commitments as disclosed in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Off-Balance Sheet Arrangements

At June 30, 2015, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, as codified in FASB Accounting Standards Codification ("ASC") 740. The amendments in this ASU state that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. The amendments in this ASU were effective for the Company beginning January 1, 2015. The amendments were applied prospectively to all unrecognized tax benefits that existed at the effective date. This update did not have a material impact on our consolidated financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The amendments in this ASU affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The amendments in this ASU require an entity to recognize revenue related to the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU will be effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2017. Adoption is permitted for fiscal years and interim periods beginning after December 15, 2016. We are currently assessing the impact of this update on our consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement—Extraordinary and Unusual Items,* which eliminates the concept of extraordinary items from GAAP. The amendments in this ASU eliminate the requirement that an entity separately classify, present, and disclose extraordinary events and transactions. The amendments in this ASU will be effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2015. The amendments should be applied prospectively and retrospective application is permitted. We do not expect this update to have a material impact on our consolidated financial statements.

In April 2015, FASB issued ASU No. 2015-03, *Interest—Imputation of Interest*, which simplifies the presentation of debt issuance costs, by requiring debt issuance costs related to a debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The amendments in this ASU will be effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2015. The amendments should be applied on a retrospective basis. We expect that this update will reduce both other assets and the outstanding debt balance by approximately $5.7 million as of June 30, 2015.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes related to the Company's market risk as disclosed in Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As permitted by interpretive guidance issued by the Securities and Exchange Commission ("SEC") staff, companies are allowed to exclude acquired businesses from their assessment of internal control over financial reporting during the first year after completion of an acquisition while integrating the acquired company. Accordingly, as Provide Commerce was acquired by the Company on December 31, 2014, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 excluded Provide Commerce. Management's evaluation and conclusion as to the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report excludes any evaluation of the internal controls of Provide Commerce. Provide Commerce's assets and revenues represented approximately

49% and approximately 52% of the Company's consolidated total assets and consolidated total revenues, respectively, as of and for the six months ended June 30, 2015.

Changes in internal controls

As the Company completed the acquisition of Provide Commerce on December 31, 2014, the Company continues to evaluate the internal controls of Provide Commerce and the impact of Provide Commerce on the Company's internal control over financial reporting. Except as described in this Item 4, during the Company's most recent quarter, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Since the Company excluded Provide Commerce from its assessment of internal control over financial reporting as of December 31, 2014, such assessment did not include the material weaknesses identified by Provide Commerce's external auditor related to the audit of the December 31, 2013 Provide Commerce financial statements. The following deficiencies were considered to be material weaknesses in Provide Commerce's internal controls in connection with that audit:

- Provide Commerce's accounting department does not include an individual who serves as the resident expert in technical GAAP matters.

- Provide Commerce's accounting department is not staffed with a sufficient number of qualified accounting resources to allow for independent reviews of accounting schedules in order to address all relevant key risk points in the underlying accounting analysis.

- Provide Commerce's general information technology ("IT") controls ("GITCs") are ineffective, in large part, because access to Provide Commerce's various IT systems are not properly restricted to appropriate personnel, including administrative access rights. Further, controls are not in place to assess the completeness and accuracy of system reports given the lack of effective GITCs.

As part of the Company's continuing review of Provide Commerce's internal controls, the Company's corporate accounting staff is providing expertise and oversight in relation to technical GAAP matters. In addition, the Company is implementing plans to improve the competency and staffing of the accounting department of the Provide Commerce segment. The assessment of internal controls related to information technology and the implementation of plans to improve the general information technology controls for this segment is underway. The Company will include Provide Commerce in its evaluation of internal control over financial reporting that will be included in its Annual Report on Form 10-K for the year ending December 31, 2015.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, please refer to Note 15—"Contingencies—Legal Matters" of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in "Risk Factors" included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECRUITIES AND USE OF PROCEEDS

The following table provides information regarding repurchases of our common stock during the quarter ended June 30, 2015:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Number of Shares Purchased as Part of Publicly Announced Plans or Programs[a]	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs[b]
April 1 - April 30	341,958	$ 29.24	341,958	1,026,074
May 1 - May 31	—	—	—	—
June 1 - June 30	—	—	—	—
Total	341,958	$ 29.24	341,958	1,026,074

(a) On February 27, 2014, the Company's board of directors authorized the Repurchase Program, a common stock repurchase program that allows FTD Companies, Inc. to repurchase up to $50 million of its common stock from time to time over a two-year period in both open market and privately negotiated transactions. No purchases were made under the Repurchase Program prior to 2015.

(b) Maximum number of shares based on average price paid per share (which includes commission).

ITEM 6. EXHIBITS

See the Exhibit Index following the signature page to this Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

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

Date: August 5, 2015	FTD COMPANIES, INC. (Registrant)	
	By:	/s/ BECKY A. SHEEHAN
		Becky A. Sheehan *Executive Vice President and* *Chief Financial Officer* *(Principal Financial Officer and* *Principal Accounting Officer)*

EXHIBIT INDEX

No.	Exhibit Description	Filed with this Form 10-Q	Incorporated by Reference to Form	File No.	Date Filed
10.1	Amendment to Service Agreement between Liberty Interactive Corporation and Provide Commerce, Inc.		10-Q	001-35901	5/8/15
10.2	Purchase and Sale Agreement dated as of April 30, 2015 by and between Provide Creations, Inc. and Provide Gifts, Inc.		10-Q	001-35901	5/8/15
10.3	Amendment No. 1 to Separation and Distribution Agreement by and between United Online, Inc. and FTD Companies, Inc.	X			
10.4	Form of Restricted Stock Unit Issuance Agreement for Non-Employee Directors (Annual Grant)	X			
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002	X			
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002	X			
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002	X			
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002	X			
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema Document	X			
101.CAL	XBRL Taxonomy Calculation Linkbase Document	X			
101.LAB	XBRL Taxonomy Label Linkbase Document	X			
101.PRE	XBRL Taxonomy Presentation Linkbase Document	X			
101.DEF	XBRL Taxonomy Extension Definition Document	X			

Exhibit 10.3

EXECUTION COPY

Amendment No. 1 to Separation and Distribution Agreement

This Amendment No. 1 to Separation and Distribution Agreement (the "Amendment"), is effective as of May 20, 2015, by and between United Online, Inc., a Delaware corporation ("United Online"), and FTD Companies, Inc., a Delaware corporation ("FTD"), and is entered into with respect to the Separation and Distribution Agreement dated as of October 31, 2013 (the "Agreement"), by and between United Online and FTD (collectively referred to herein as the "Parties"). Capitalized terms used herein but not otherwise defined herein shall have the meaning set forth in the Agreement.

RECITALS

WHEREAS, the Parties wish to enter into this Amendment to amend certain provisions of the Agreement in each case as provided herein.

AMENDMENTS

NOW, THEREFORE, in consideration of the covenants and agreements herein set forth, the Parties agree as follows:

1. Amendment to Section 7.4. Section 7.4 of the Agreement is hereby amended by replacing such section in its entirety with the following:

Section 7.4 Litigation

(a) Shared Litigation Matters.

(i) Control of Shared Litigation Matters.

(A) United Online shall have the right to control the litigation and settlement of the Shared Litigation Matters set forth in Schedule 7.4 hereto; provided, however, that with respect to Shared Litigation Matters set forth in Schedule 7.4 hereto other than the Multistate Investigation (as defined in Schedule 7.4 hereto), United Online shall not enter into any settlement thereof without the consent (not to be unreasonably withheld, conditioned or delayed) of FTD if the proposed settlement agreement includes non-monetary requirements or covenants applicable to any FTD Entity that are materially more restrictive than the non-monetary requirements or covenants included in any settlements entered into by any FTD Entity prior to the proposed settlement; provided, further, that in the event the Multistate Investigation is not settled within the six (6) month period (the "Settlement Period") following the Distribution Date, United Online shall not enter into any settlement of the Multistate Investigation without the consent (not to be unreasonably withheld, conditioned or delayed) of FTD if the proposed settlement agreement includes non-monetary requirements or covenants applicable to any FTD Entity that are materially more restrictive than the non-monetary requirements or covenants that were included in the last draft of the settlement agreement proposed by the Attorneys General during the Settlement Period.

(B) United Online and FTD shall jointly coordinate the litigation and settlement of the Shared Litigation Matters other than the actions set forth in Schedule 7.4 hereto (the "New Shared Litigation Matters") in the event that a New Shared Litigation Matter is filed. United Online and FTD shall each control and pay their own counsel for such New Shared Litigation Matters. In connection with all New Shared Litigation Matters, United Online and FTD agree that:

(1) FTD and United Online shall cooperate and consult to the extent reasonably necessary or advisable with respect to all New Shared Litigation Matters.

(2) Each Party shall include (or copy) the other Party on all related external correspondence and external communications received from the relevant Governmental Authority or conducted by such Party with the relevant Governmental Authority, or in which such Party participates with the relevant Governmental Authority, and shall promptly following its receipt thereof provide the other Party with copies of any materials received from the relevant Governmental Authority in connection therewith.

(3) Each Party shall (i) give the other Party prompt notice of the making or commencement of any Action regarding a New Shared Litigation Matter, (ii) keep the other Party informed as to the status of any such Action, and (iii) promptly inform the other Parties of any communication to or from any Governmental Authority regarding a New Shared Litigation Matter.

(4) Each Party will consult and cooperate with the other Party and will consider in good faith the views of the other Party in connection with any filing, analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal made or submitted in connection with a Shared Litigation Matter.

(5) Except as may be prohibited by any Governmental Authority or by Law and except as otherwise may be agreed to by the Parties at the time, each Party will permit authorized representatives of the other Party to be present at each meeting or conference with the relevant Governmental Authority relating to such Action and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Authority in connection with such Action.

(6) The Parties shall keep each other apprised of any settlement negotiations regarding a New Shared Litigation Matter and neither Party shall enter into any such settlement without the consent (not to be unreasonably withheld, conditioned or delayed) of the other Party if the settlement (i) has the effect of permitting any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against the other Party, (ii) includes an admission of guilt or liability on behalf of the other Party or its affiliates, or (iii) is otherwise prejudicial to the other Party or any of its affiliates.

(7) In the event that a New Shared Litigation Matter is filed, United Online and FTD agree to negotiate in good faith to enter into a Common Interest and Cooperation Agreement on terms mutually agreed to by both parties. Notwithstanding the foregoing, the obligations under this Section 7.4(a)(i)(B) shall continue in full effect during the negotiations under this Section 7.4(a)(i)(B)(7) and after such negotiations unless amended by the mutual agreement of both parties.

(8) Notwithstanding anything to the contrary in this Agreement, United Online shall not be required to share any communications, correspondence or other information, or consult with FTD, with respect to auto-renewal practices for which FTD bears no liability under Section 7.4(a)(iii)(C).

(ii) <u>Allocation of Litigation Expenses as to Shared Litigation Matters other than New Shared Litigation Matters</u>. United Online shall initially pay all joint attorneys', accountants', consultants', expert witnesses' and other professionals' fees and expenses and all other out-of-pocket costs incurred on behalf of itself and/or FTD in the investigation, defense and/or evaluation of each Shared Litigation Matter other than New Shared Litigation Matters ("<u>UOL Litigation Expenses</u>"). United Online shall periodically furnish to FTD copies of invoices paid by United Online for UOL Litigation Expenses. Within thirty (30) days of FTD's receipt of such invoices, FTD shall pay United Online an amount equal to one-third of the UOL Litigation Expenses (or such other share of the UOL Litigation Expenses as mutually and reasonably determined by United Online and FTD), representing FTD's estimated share of the UOL Litigation Expenses. For each such Shared Litigation Matter, within sixty (60) days of the final determination of FTD's allocation of liability pursuant to Section 7.4(a)(iii) below, United Online shall provide to FTD a proposed allocation of the UOL Litigation Expenses between United Online and FTD, calculated to be in proportion to United Online's and FTD's respective allocated liability for the settlement or judgment of such Shared Litigation Matter. If FTD does not object to the proposed allocation within sixty (60) days, FTD shall pay to United Online, or United Online shall pay to FTD, the amount necessary to true up the amounts contributed by each company to match the allocation of the UOL Litigation Expenses. If FTD provides United Online with a written notice of objection to United Online's allocation of UOL Litigation Expenses within such sixty (60) day period, United Online and FTD shall endeavor in good faith to negotiate a mutually agreeable allocation of such UOL Litigation Expenses. If FTD and United Online have not reached a mutually agreeable allocation of such Litigation Expenses within ninety (90) days of United Online's receipt of such objection notice, either FTD or United Online may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article X. Each Party shall be entitled to observe the litigation with additional counsel of its own selection at its own cost, and is responsible for the costs of its own in-house counsel and other internal personnel.

(iii) <u>Allocation of Liability for Shared Litigation Matters other than New Shared Litigation Matters</u>.

(A) With respect to the Shared Litigation Matters actions set forth in Schedule 7.4 hereto, United Online shall propose an allocation of liability for any judgment or settlement of such Shared Litigation Matter, based upon (x) if available, the allocation identified by a court verdict or, in the event of a settlement, the settling counterparty (*i.e.*, the third party that United Online and/or FTD is entering into a settlement with), or, if neither is available,

(y) the respective amount of revenue received by FTD and United Online from the post-transaction sales transactions at issue in such Shared Litigation Matter. To the extent that a settlement or judgment is based on challenged practices other than, or other matters in addition to, the post-transaction sales transactions at issue in such Shared Litigation Matter, United Online shall in good faith determine an equitable apportionment of that part of the settlement or judgment as between United Online and FTD. If FTD provides United Online with a written notice of objection to United Online's allocation of liability within sixty (60) days of receipt of that allocation, United Online and FTD shall endeavor in good faith to negotiate a mutually agreeable allocation of such liability. If FTD and United Online have not reached a mutually agreeable allocation of such liability within ninety (90) days of United Online's receipt of such objection notice, either FTD or United Online may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article X herein.

(B) For the avoidance of doubt, FTD shall bear no liability for claims in the Shared Litigation Matters that are based on auto-renewal practices.

(b) Other Actions Primarily Relating to UOL Business. United Online agrees that at all times from and after the Distribution, if an Action other than a Shared Litigation Matter, relating primarily to the UOL Business is commenced by a third party naming FTD Entities as a defendant thereto, then United Online shall use its reasonable best efforts to cause FTD to be removed from such Action; provided that if United Online is unable to cause FTD to be removed from such Action, United Online and FTD shall cooperate and consult to the extent reasonably necessary or advisable with respect to such Action, and United Online shall control and pay for the defense of such Action, and FTD shall be entitled to observe with counsel of its own selection at its own cost, and is responsible for the costs of its own in-house counsel and other internal personnel. United Online shall control the settlement of such an Action; provided that United Online shall not enter into any such settlement without the consent (not to be unreasonably withheld, conditioned or delayed) of FTD if the settlement (i) has the effect of permitting any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any FTD Entity, (ii) does not release the FTD Entities from all liabilities and obligations with respect to such Action, (iii) includes an admission of guilt or liability on behalf of any FTD Entity, or (iv) is otherwise prejudicial to any of the FTD Entities. United Online shall in good faith determine an equitable apportionment of the settlement or judgment as between United Online and FTD. If FTD provides United Online with a written notice of objection to United Online's allocation of liability within sixty (60) days of receipt of that allocation, United Online and FTD shall endeavor in good faith to negotiate a mutually agreeable allocation of such liability. If FTD and United Online have not reached a mutually agreeable allocation of such liability within ninety (90) days of United Online's receipt of such objection notice, either FTD or United Online may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article X herein.

(c) Other Actions Primarily Relating to FTD Business. FTD agrees that at all times from and after the Distribution, if an Action other than a Shared Litigation Matter, relating primarily to the FTD Business is commenced by a third party naming UOL Entities as a defendant thereto, then FTD shall use its reasonable best efforts to cause UOL Entities to be removed from such Action; provided that if FTD is unable to cause UOL Entities to be removed from such Action, United Online and FTD shall cooperate and consult to the extent reasonably necessary or advisable with respect to such Action, and FTD shall control and pay for the defense of such Action, and United Online shall be entitled to observe with counsel of its own selection at its own cost, and is responsible for the costs of its own in-house counsel and other internal personnel. FTD shall control the settlement of such an Action; provided that FTD shall not enter into any such settlement without the consent (not to be unreasonably withheld, conditioned or delayed) of United Online if the settlement (i) has the effect of permitting any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any UOL Entity, (ii) does not release the UOL Entities from all liabilities and obligations with respect to such Action, (iii) includes an admission of guilt or liability on behalf of any UOL Entity, or is (iv) otherwise prejudicial to any of the UOL Entities. FTD shall in good faith determine an equitable apportionment of the settlement or judgment as between FTD and United Online. If United Online provides FTD with a written notice of objection to FTD's allocation of liability within sixty (60) days of receipt of that allocation, FTD and United Online shall endeavor in good faith to negotiate a mutually agreeable allocation of such liability. If United Online and FTD have not reached a mutually agreeable allocation of such liability within ninety (90) days of FTD's receipt of such objection notice, either United Online or FTD may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article X herein.

(d) Other Actions Not Relating Primarily to UOL Business or FTD Business. United Online and FTD agree that, at all times from and after the Distribution, if an Action other than a Shared Litigation Matter, which does not relate primarily to the UOL Business or the FTD Business is commenced by a third party naming both one or more UOL Entities Parties and one or more FTD Entities as defendants thereto, then United Online and FTD shall cooperate and consult to the extent reasonably necessary or advisable with respect to such Action, and each Party shall bear its own costs of defending such Action.

(e) Intentionally omitted.

(f) Third-Party Actions Arising From the Transactions. Except as set forth in the Ancillary Agreements, and subject to Section 9.2(c) and Section 9.3(c), United Online and FTD agree that if an Action that challenges, arises from, or relates to the Transactions, is commenced by a third party naming one or more FTD Entities or one or more UOL Entities, or any of their respective directors or officers as defendants thereto, such Action shall be treated as a Shared Litigation Matter. FTD and United Online shall cooperate and consult to the extent reasonably necessary or advisable with respect to such Action.

(g) Term. The Parties' obligations under section 7.4 shall terminate on May 20, 2017 (the "Termination Date"); provided, however, that if a New Shared Litigation Matter is pending as of such date, the Termination Date shall be extended until the earlier of (i) the resolution of all New Shared Litigation Matters and (ii) May 20, 2019.

2. Amendment to Definition of Shared Litigation Matter. Section 1.1 of the Agreement is hereby amended by replacing the definition of "Shared Litigation Matter" in such section in its entirety with the following:

"Shared Litigation Matters" means (a) each Action listed on Schedule 7.4; (b) each additional Action hereafter asserted against both a member of the UOL Entities and a member of the FTD Entities that arises out of or relates to any of the practices challenged in the Actions listed on Schedule 7.4 that occurred prior to the consummation of the Distribution; (c) any Action asserted against both a member of the UOL Entities and a member of the FTD Entities prior to the consummation of the Distribution; and (d) any other Action consolidated with any Action referred to in clause (a), (b) or (c) above.

3. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware.

4. Entire Agreement. The Agreement, as amended by this Amendment, constitutes the entire agreement between the Parties and can only be further amended by a written document signed by all Parties expressly stating that it is an amendment to the Agreement.

5. <u>Counterparts</u>. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one agreement. Each counterpart may be executed and transmitted by facsimile to be followed by an exchange of original signature pages.

IN WITNESS WHEREOF, the parties hereby have executed this Amendment as of the date first above written.

UNITED ONLINE, INC.:

By: /s/ Francis Lobo
Print Name: Francis Lobo
Title: President and Chief Executive Officer

FTD COMPANIES, INC.:

By: /s/ Scott D. Levin
Name: Scott D. Levin
Title: Executive Vice President and General Counsel

Exhibit 10.4

FTD COMPANIES, INC.

RESTRICTED STOCK UNIT ISSUANCE AGREEMENT

RECITALS

A. The Board has adopted the FTD Companies, Inc. Amended and Restated 2013 Incentive Compensation Plan (the "Plan"), for the purpose of retaining the services of selected Employees and consultants, non-employee Board members and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. The Participant is a member of the Board, and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in providing a meaningful incentive for the Participant to continue to serve as a Board member.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the Plan unless otherwise defined in this Agreement, including on Appendix A attached hereto.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Restricted Stock Units**. The Corporation has awarded to the Participant, as of the Award Date, Restricted Stock Units under the Plan. Each Restricted Stock Unit represents the right to receive one share of Common Stock on the applicable issuance date following the vesting of that Restricted Stock Unit. The number of shares of Common Stock subject to the awarded Restricted Stock Units, the applicable vesting schedule for the Restricted Stock Units, the dates on which those vested Restricted Stock Units shall become payable to the Participant and the remaining terms and conditions governing the award (the "Award") shall be as set forth in this Agreement.

AWARD SUMMARY

Award Date:	<Grant Date>
Number of Restricted Stock Units Subject to Award:	<Shares Granted> Restricted Stock Units
Vesting Schedule:	The Restricted Stock Units shall vest in full upon the Participant's continued service as a Board member through (the "Vesting Date"). The Restricted Stock Units shall also be subject to accelerated vesting in whole or in part in accordance with the provisions of Paragraphs 4 and 6 of this Agreement.

Issuance Schedule: Each Restricted Stock Unit in which the Participant vests in accordance with the foregoing vesting provisions shall be issued in compliance with Section 409A of the Code. Accordingly, the Restricted Stock Units in which the Participant vests on the Vesting Date shall be settled in shares of Common Stock on that date or as soon thereafter as administratively practicable, but in no event later than 30 days after the Vesting Date. Any Restricted Stock Units or amounts which vest pursuant to the acceleration provision of either Paragraph 4 or Paragraph 6 of this Agreement shall be settled in shares of Common Stock on the earlier of:

(i) the Vesting Date or as soon thereafter as administratively practicable, but in no event later than 30 days after the Vesting Date;

(ii) the date of the Participant's Separation from Service, or as soon thereafter as administratively practicable, but in no event later than 30 days after the Participant's Separation from Service; and

(iii) if the Restricted Stock Units vest upon a Change in Control, the effective date of a Change in Control or as soon as administratively practicable thereafter, but in no event later than three (3) business days following such effective date, if that transaction also qualifies as a change in control event under Code Section 409A and the Treasury Regulations thereunder (in the absence of such a qualifying change in control, the distribution shall not be made until the date or dates on which those amounts are otherwise to be distributed under (i) or (ii) above).

The date on which the Restricted Stock Units are to be settled in accordance with the foregoing is hereby designated the "Issuance Date."

2. **Limited Transferability**. Prior to the vesting of the Restricted Stock Units and actual receipt of the underlying shares of Common Stock paid hereunder, the Participant may not transfer any interest in the Award or the underlying shares of Common Stock. Any Restricted Stock Units that vest hereunder but which otherwise remain unpaid at the time of the Participant's death may be transferred pursuant to the provisions of the Participant's will or the laws of inheritance or to the Participant's designated beneficiary or beneficiaries of this Award. The Participant may also direct the Corporation to re-issue the stock certificates for any shares of Common Stock that were issued under the Award during his or her lifetime to one or more designated family members or a trust established for the Participant and/or his or her family members. The Participant may make such a beneficiary designation or certificate directive at any time by filing the appropriate form with the Plan Administrator or its designee.

3. **Cessation of Service**. Except as otherwise provided in Paragraphs 4 and 6 below, should the Participant cease to serve as a Board member for any reason prior to vesting in the Restricted Stock Units subject to this Award, then the awarded Restricted Stock Units will be immediately cancelled with respect to those unvested Restricted Stock Units, and the Participant shall thereupon cease to have any right or entitlement to receive any shares of Common Stock under those cancelled Restricted Stock Units.

4. **Accelerated Vesting**.

(a) Should the Participant cease to serve as a Board member by reason of death or Permanent Disability, then all of the Restricted Stock Units at the time subject to this Award shall immediately vest in full.

(b) Should the Participant voluntarily resign from the Board under circumstances that would not otherwise trigger the vesting acceleration provisions of Paragraph 4(a) or Paragraph 6, then the Participant shall immediately vest in the number of Restricted Stock Units in which the Participant would have been vested at the time of such resignation had the Restricted Stock Units subject to this Award vested in a series of successive equal monthly installments over the duration of the Vesting Schedule.

(c) Any Restricted Stock Units which become vested pursuant to Paragraph 4 by reason of the Participant's cessation of Service shall be distributed to the Participant pursuant to Paragraph 1.

5. **Stockholder Rights and Dividend Equivalents**

(a) The holder of this Award shall not have any stockholder rights, including voting or dividend rights, with respect to the Restricted Stock Units subject to this Award until the Participant becomes the record holder of the underlying shares of Common Stock following their actual issuance.

(b) Notwithstanding the foregoing, should any dividend or other distribution, whether regular or extraordinary, payable in cash or other property (other than shares of Common Stock) be declared and paid on the outstanding Common Stock while one or more Restricted Stock Units remain subject to this Award (i.e., shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then the following provisions shall govern the Participant's interest in that dividend or distribution:

(i) If the dividend is a regularly-scheduled cash dividend on the Common Stock, then the Participant shall be entitled to a current cash distribution from the Corporation equal to the cash dividend the Participant would have received with respect to the Restricted Stock Units at the time subject to this Award had the underlying shares of Common Stock actually been issued and outstanding and entitled to that cash dividend. Each cash dividend equivalent payment under this subparagraph (i) shall be paid within five (5) business days following the payment of the actual cash dividend on the outstanding Common Stock.

(ii) For any other dividend or distribution, a special book account shall be established for the Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on the underlying shares of Common Stock at the time subject to this Award had they been issued and outstanding and entitled to that dividend or distribution. As the Restricted Stock Units subsequently vest hereunder, the phantom dividend equivalents so credited to those Restricted Stock Units in the book account shall also vest, and those vested dividend equivalents shall be distributed to the Participant (in the same form the actual dividend or distribution was paid to the holders of the Common Stock entitled to that dividend or distribution) concurrently with the issuance of the vested Restricted Stock Units to which those phantom dividend equivalents relate. In no event, however, shall any such phantom dividend equivalents vest or become distributable unless the Restricted Stock Units to which they relate vest in accordance with the terms of this Agreement.

6. **Change in Control**.

(a) Any Restricted Stock Units subject to this Award at the time of a Change in Control may be assumed, converted or replaced by the successor entity (or parent thereof) or otherwise continued in full force and effect or may be replaced with a cash program of the successor entity (or parent thereof) on terms as required under the Plan (a "Replacement Award"). In the event of such Replacement Award, no accelerated vesting of the Restricted Stock Units (the "Replaced Award") shall occur at the time of the Change in Control. Notwithstanding the foregoing, no such cash program shall be established for the Replaced Award to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) For purposes of this Agreement, a "Replacement Award" means an award: (i) of the same type (*e.g.*, time-based restricted stock units) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Corporation or its successor in the Change in Control or another entity that is affiliated with the Corporation or its successor following the Change in Control; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Paragraph 6(b) are satisfied will be made by the Plan Administrator, as constituted immediately before the Change in Control, in its sole discretion.

(c) In the event of a Replacement Award, the Replaced Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the shares of Common Stock subject to the Replaced Award immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those shares of Common Stock actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor entity (or parent thereof) may, in connection with the Replacement Award at that time, but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in the Change in Control transaction, provided the substituted common stock is readily tradable on an established U.S. securities exchange.

(d) Any Replacement Award shall be subject to accelerated vesting in accordance with the following provisions: If an Involuntary Termination of the Participant's Service occurs within twelve (12) months after the Change in Control event, then the Participant shall immediately vest in the Replacement Award. In the event of a replacement cash program under Paragraph 6(a), the foregoing provisions shall be applied to the proceeds of such replacement program attributable to the Replaced Award had the Award been assumed or otherwise continued in effect.

(e) If no Replacement Award is provided, then the Restricted Stock Units shall vest immediately prior to the closing of the Change in Control. The vested Restricted Stock Units shall be converted into the right to receive for each such Restricted Stock Unit the same consideration per share of Common Stock payable to the other stockholders of the Corporation in consummation of that Change in Control.

(f) This Agreement shall not in any 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. Additionally, if a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Restricted Stock Units that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be vested at the time of such Change in Control.

7. **Adjustment in Shares**. The total number and/or class of securities issuable pursuant to this Award and the other terms of this Award shall be subject to adjustment upon certain corporate events as set forth in Article One, Section V(F) of the Plan. The adjustments shall be made in such manner as the Plan Administrator deems appropriate, and those adjustments shall be final, binding and conclusive.

8. **Issuance of Shares of Common Stock**.

(a) On the applicable Issuance Date for the Restricted Stock Units which vest in accordance with the provisions of this Agreement, the Corporation shall issue to or on behalf of the Participant a certificate (which may be in electronic form) or provide for book entry for the shares of Common Stock to be issued on such date and shall concurrently distribute to the Participant any accrued phantom dividend equivalents with respect to those vested Restricted Stock Units.

(b) Except as otherwise provided in Paragraph 6, the settlement of all Restricted Stock Units which vest under the Award shall be made solely in shares of Common Stock. No fractional share of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Agreement shall be rounded down to the next whole share of Common Stock.

9. **Compliance with Laws and Regulations**. The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and the Participant with all applicable requirements of law relating thereto and with all applicable regulations of the Stock Exchange on which the Common Stock is listed for trading at the time of such issuance.

10. **Notices**. Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices, and directed to the attention of Stock Plan Administrator. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the most current address then indicated for the Participant on the Corporation's records or delivered electronically to the

Participant through the Corporation's electronic mail system. All notices shall be deemed effective upon personal delivery or delivery through the Corporation's electronic mail system or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

11. **Governing Law**. The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that state's conflict-of-laws rules.

12. **Successors and Assigns**. Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and the Participant, the Participant's assigns, the legal representatives, heirs and legatees of the Participant's estate and any beneficiaries of the Award designated by the Participant.

13. **Construction**. This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

14. **No Impairment of Rights**. Nothing in this Agreement shall in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets. In addition, this Agreement shall not in any way be construed or interpreted so as to affect adversely or otherwise impair the right of the Corporation or the stockholders to remove the Participant from the Board at any time in accordance with the provisions of applicable law.

15. **Code Section 409A.** It is the intention of the parties that the provisions of this Agreement comply with the requirements of Section 409A of the Code and, this Agreement shall be interpreted and applied in accordance with such intent.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

FTD COMPANIES, INC.

By:

Title:

PARTICIPANT

Name: <Participant Name>

Signature: <Electronic Signature>

APPENDIX A

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Restricted Stock Unit Issuance Agreement.

B. **Award** shall mean the award of restricted stock units made to the Participant pursuant to the terms of this Agreement.

C. **Award Date** shall mean the date the restricted stock units are awarded to the Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

D. **Involuntary Termination** shall mean the termination of the Participant's Service that occurs by reason of the Participant's involuntary termination of Service by the Corporation for reasons other than Cause.

E. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

F. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

G. **Permanent Disability** shall mean the inability of the Participant to perform his or her usual duties as a member of the Board by reason of any medically determinable physical or mental impairment which is expected to result in death or has lasted or can be expected to last for a continuous period of twelve (12) months or more.

H. **Separation from Service** shall mean the Participant's cessation of Service as determined in accordance with the applicable standards of the Treasury Regulations issued under Code Section 409A.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert S. Apatoff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FTD Companies, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and to the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 5, 2015

/s/ ROBERT S. APATOFF

Robert S. Apatoff
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Becky A. Sheehan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FTD Companies, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and to the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 5, 2015

/s/ BECKY A. SHEEHAN

Becky A. Sheehan
Executive Vice President and Chief Financial Officer

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert S. Apatoff, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Quarterly Report on Form 10-Q of FTD Companies, Inc. for the quarter ended June 30, 2015, as filed with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2015

/s/ ROBERT S. APATOFF

Robert S. Apatoff
President and Chief Executive Officer

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Becky A. Sheehan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Quarterly Report on Form 10-Q of FTD Companies, Inc. for the quarter ended June 30, 2015, as filed with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2015

/s/ BECKY A. SHEEHAN

Becky A. Sheehan
Executive Vice President and Chief Financial Officer