

FTD Group, Inc.
Form DEF 14A
October 12, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

FTD Group, Inc.

(Name of Registrant as Specified in Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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**FTD Group, Inc.
3113 Woodcreek Drive
Downers Grove, Illinois 60515**

October 11, 2006

Dear Fellow Stockholder:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of FTD Group, Inc. to be held on Wednesday, November 15, 2006 at 10:00 a.m., local time, at our principal executive office, 3113 Woodcreek Drive, Downers Grove, Illinois 60515.

The following pages include a formal notice of the meeting and the proxy statement. The proxy statement describes various matters on the agenda for the meeting.

You are encouraged to attend the meeting in person. If that is not possible, please sign, date and return the enclosed proxy card as soon as possible. Otherwise, your vote cannot be counted.

Sincerely,

MICHAEL J. SOENEN

Director, President and Chief Executive Officer

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**FTD Group, Inc.
3113 Woodcreek Drive
Downers Grove, Illinois 60515**

**NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 15, 2006**

To Our Stockholders:

The 2006 Annual Meeting of Stockholders (the **Annual Meeting**) of FTD Group, Inc., a Delaware corporation (the **Company**), will be held at 10:00 a.m., local time, on Wednesday, November 15, 2006, at the Company's principal executive office, 3113 Woodcreek Drive, Downers Grove, Illinois 60515, for the purpose of considering and acting upon the following:

Proposal 1. The election of 10 directors to the Board of Directors of the Company.

Proposal 2. The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2007.

Proposal 3. The transaction of any other business that is properly brought before the meeting or any continuations, adjournments or postponements thereof.

Stockholders of record at the close of business on September 27, 2006 are entitled to receive notice of and to vote at the meeting and any continuations, adjournments or postponements thereof. You may vote your shares by completing, signing, dating and returning the enclosed proxy card or by attending the meeting in person and voting by ballot at that time. Submitting your instructions by proxy will not affect your right to attend the meeting and vote.

By Order of the Board of Directors,

JON R. BURNEY
Secretary

Dated: October 11, 2006
Downers Grove, Illinois

If you plan to attend the Annual Meeting in Person:

An admission ticket and picture identification will be required to enter the Annual Meeting. If you are a stockholder of record, you will find an admission ticket attached to the proxy card sent to you. If you plan to attend the meeting in person, please retain the admission ticket and bring it with you to the meeting along with picture identification. Stockholders holding stock in a bank or brokerage account will find an admission ticket attached to the proxy card sent to you by your bank or broker. In the event you have not received an admission ticket or have misplaced it, you

can obtain an admission ticket in advance by sending a written request to your bank or broker, or you may present yourself at the meeting along with such proof of ownership (such as a brokerage statement) as of the record date and picture identification. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

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**FTD Group, Inc.
3113 Woodcreek Drive
Downers Grove, Illinois 60515**

PROXY STATEMENT

We are providing these proxy materials because the Board of Directors of FTD Group, Inc. (the **Company**) is soliciting your proxy to vote at the Company's 2006 Annual Meeting of Stockholders (the **Annual Meeting**) to be held at 10:00 a.m., local time, on Wednesday, November 15, 2006, at the Company's principal executive office, 3113 Woodcreek Drive, Downers Grove, Illinois 60515, and at any continuations, adjournments or postponements of this meeting. This Proxy Statement contains information about the items being voted on at the Annual Meeting and information about the Company. Commencing on or about October 13, 2006, copies of this Proxy Statement and the proxy card, together with a copy of the Company's Annual Report for the fiscal year ended June 30, 2006 (the **2006 Annual Report**), are being mailed to stockholders.

QUESTIONS AND ANSWERS

Who is entitled to vote?

Stockholders who owned the Company's common stock (NYSE symbol: FTD), par value \$0.01 per share (the **Common Stock**), as of the close of business on September 27, 2006 will be entitled to vote at the Annual Meeting. On that date there were 28,334,856 shares of Common Stock outstanding and entitled to vote. Each share is entitled to one vote on each matter properly brought before the meeting.

How do I vote?

The Company is offering you two methods of voting:

you may indicate your vote on the enclosed proxy card by signing and dating the card and returning the card in the enclosed prepaid envelope; or

you may attend the meeting and vote in person.

All shares entitled to vote and represented by a properly completed and executed proxy received before the meeting and not revoked will be voted at the meeting as you instruct in such proxy. If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed and executed proxy will be voted as the Board of Directors recommends.

What do I need to know in order to attend the Annual Meeting?

You are invited to attend the Annual Meeting, which will begin at 10:00 a.m., local time, on Wednesday, November 15, 2006, in person. The meeting will be held at the Company's principal executive office located at 3113 Woodcreek Drive, Downers Grove, Illinois 60515. Stockholders will be admitted beginning at 9:30 a.m., local time.

You will need an admission ticket and picture identification to enter the Annual Meeting. If you are a stockholder of record, you will find an admission ticket attached to the proxy card sent to you. If you plan to attend the meeting in person, please retain the admission ticket and bring it with you to the meeting along with picture identification. Stockholders holding stock in a bank or brokerage account will find an admission ticket attached to the proxy card sent to you by your bank or broker. In the event you have not received an admission ticket, you can obtain an admission ticket in advance by sending a written request to your bank or broker, or you may present yourself at the meeting along with such proof of ownership (such as a brokerage statement) as of the record date and picture identification.

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What can I vote on?

At the Annual Meeting, you will be able to vote on the:

election of 10 directors to the Board of Directors of the Company to serve for a term of one year;

ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2007; and

transaction of any other business that is properly brought before the meeting or any continuations, adjournments or postponements thereof.

How does the Board recommend I vote on the proposals?

The Board recommends a vote:

FOR each of the nominees for the Board of Directors; and

FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2007.

May I change my vote?

You can revoke your proxy at any time before it is voted by delivery of a properly completed and executed, later-dated proxy card or by voting in person by ballot at the Annual Meeting.

How many votes are required to hold a meeting?

A quorum is necessary to hold a valid meeting of stockholders. The presence, in person or by proxy, of stockholders representing a majority of the shares of the Common Stock outstanding and entitled to vote constitutes a quorum. Shares represented by proxies that reflect abstentions or broker non-votes are counted as present and entitled to vote for determination of a quorum.

An abstention is a properly executed proxy marked ABSTAIN for any matter. A broker non-vote occurs when you hold your shares in street name through a broker or other nominee and you do not give your broker or nominee instructions on how to vote on matters over which your broker or nominee does not have voting discretion. If you do not provide voting instructions, your shares may not be voted on these matters.

How many votes are required to pass a proposal?

A favorable vote of a plurality of the shares present in person or represented by proxy and entitled to vote is required for the election of directors. This means that the nominees who receive the greatest number of votes for each open seat will be elected. Abstentions, votes withheld and broker non-votes are not counted for purposes of electing directors and will not affect the election of nominees receiving a plurality of votes.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote is required for the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2007. Abstentions and votes withheld will have the effect of a negative vote, while broker non-votes will be treated as not entitled to vote for purposes of determining the approval

of these proposals and will not affect the outcome of the vote.

How will voting on any other business be conducted?

We do not know of any business or proposals to be considered at the Annual Meeting other than the items described in this Proxy Statement. If any other business is properly brought before the Annual Meeting or any continuations, adjournments or postponements thereof, the signed proxies received from you and other stockholders give the proxies the authority to vote on the matter according to their judgment.

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Who receives proxy materials?

This Proxy Statement and enclosed proxy card are first being mailed to stockholders on or about October 13, 2006. Each registered owner of Common Stock as of the close of business on September 27, 2006 is entitled to receive a copy of the Company's 2006 Annual Report and to vote at the Annual Meeting.

The Securities and Exchange Commission (the **SEC**) has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as **householding**, potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing the same last name and address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or the Company that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker, if your shares are held in a brokerage account, or the Company, if you hold registered shares. You can notify the Company by sending a written request to the address set forth below under the heading

How can I contact the Company to request materials or information referred to in these questions and answers? If you revoke your consent, you will be sent separate copies of documents mailed within 30 days after receipt of your revocation.

If you have not received the Company's 2006 Annual Report, please contact the Company as directed below under the heading **How can I contact the Company to request materials or information referred to in these questions and answers? and the Company will send a copy without exhibits at no expense to you. The Company will provide any exhibit requested upon payment of a specified reasonable fee limited to the Company's reasonable expenses in furnishing such exhibit.**

May I inspect the stockholder list?

In accordance with Delaware law and the Company's Amended and Restated Bylaws (the **Bylaws**), a complete list of stockholders entitled to vote at the Annual Meeting, arranged in alphabetical order, and showing the address of each stockholder of record and the number of shares registered in the name of each stockholder, will be available for examination by any stockholder, for any purpose germane to the Annual Meeting, for 10 days prior to the meeting at the location of the Annual Meeting, the Company's principal executive office located at 3113 Woodcreek Drive, Downers Grove, Illinois 60515, during ordinary business hours.

Who bears the costs of soliciting proxies?

The Company pays the costs of soliciting proxies. We have also made arrangements with brokerage houses and other custodians, nominees and fiduciaries of shares to send proxy materials to stockholders of record on September 27, 2006. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of Common Stock as of the record date. Certain of the Company's officers and directors may solicit the submission of proxies authorizing the voting of shares in accordance with the Board of Directors' recommendations, but no additional remuneration will be paid by the Company for the solicitation of proxies by the Company's officers and directors.

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How can I contact the Company to request materials or information referred to in these questions and answers?

You may contact us by:

mail addressed to:

FTD Group, Inc.
3113 Woodcreek Drive
Downers Grove, Illinois 60515
Attention: Investor Relations

e-mail addressed to investor_relations@ftdi.com;

calling Jandy Tomy, Investor Relations Contact, at (630) 719-7800; or

visiting our Web site at www.ftd.com¹, clicking on Investor Relations, then FAQ and then filling out the request form under the link information request form.

Stockholder Proposals and Nominations

The deadline for eligible stockholders to submit a proposal under Rule 14a-8 of the SEC's proxy rules for inclusion in the Company's proxy statement for the 2007 Annual Meeting is August 17, 2007. Any such proposals submitted under Rule 14a-8 must be received by the Company on or before that date. Please send proposals to the Secretary of the Company at the Company's principal executive office, 3113 Woodcreek Drive, Downers Grove, Illinois 60515.

Eligible stockholders may submit proposals for consideration at the 2007 Annual Meeting (aside from a stockholder proposal under Rule 14a-8 to be included in the Company's proxy statement, as discussed above) in accordance with the provisions of the Bylaws. If a stockholder intends to submit a proposal in this manner, he or she must give the Company written notice containing the information specified in the Bylaws. Such written notice must be received by the Secretary of the Company at the Company's principal executive office, 3113 Woodcreek Drive, Downers Grove, Illinois 60515, not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's Annual Meeting. For the 2007 Annual Meeting, such notice must be received between July 18, 2007 and August 17, 2007. In the event that the date of the 2007 Annual Meeting is more than 30 days before or more than 70 days after November 15, 2007, notice by the stockholder must be delivered not earlier than the close of business on the 120th day prior to the meeting and not later than the close of business on the later of the 90th day prior to the meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by the Company. Eligible stockholders may also nominate persons for election to the Board of Directors at the 2007 Annual Meeting in accordance with the Bylaws.

Stockholders who wish to propose a candidate for the Company's Board of Directors to the Nominating and Corporate Governance Committee must send written notice to the committee containing all of the information relating to such proposed candidate as is required to be disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the **Exchange Act**). Such written notice must be sent to the Nominating and Corporate Governance Committee of FTD Group, Inc., c/o the Secretary of the Company at the Company's principal executive office located at 3113 Woodcreek Drive, Downers Grove, Illinois 60515, generally not more than 120 days and not less than 90 days before the date of the next Annual Meeting.

* * *

NO PERSON IS AUTHORIZED ON BEHALF OF THE COMPANY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PROPOSALS TO BE VOTED ON

¹ Web site addresses referred to in this Proxy Statement are not intended to function as hyperlinks, and the information contained on our Web site is not a part of this Proxy Statement.

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AT THE ANNUAL MEETING, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION AND/OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED, AND THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

The Company's principal executive offices are located at 3113 Woodcreek Drive, Downers Grove, Illinois 60515, our telephone number is (630) 719-7800 and our Web site is located at www.ftd.com. As used in this Proxy Statement, unless the context requires otherwise, the term the **Company** refers to FTD Group, Inc. and its consolidated subsidiaries, including FTD, Inc. (**FTD**). FTD, Inc. is a Delaware corporation that commenced operations in 1994 and includes the operations of its principal operating subsidiary, Florists' Transworld Delivery, Inc., a Michigan corporation (**FTDI**) and FTD UK Holdings Limited, a corporation organized under the laws of England and Wales (**FTD UK**). The operations of FTDI include those of its subsidiaries, FTD.COM INC. (**FTD.COM**) and FTD Canada, Inc. (formerly known as Florists' Transworld Delivery Association of Canada, Ltd.). The operations of FTD UK consist of those of Interflora Holdings Limited and its direct and indirect subsidiaries.

* * *

The date of this Proxy Statement is October 11, 2006.

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The following table sets forth the beneficial ownership of the Common Stock as of August 31, 2006 by: (i) those persons known by us to own beneficially more than 5% of the outstanding Common Stock; (ii) each current executive officer named in the Summary Compensation Table below; (iii) each director and (iv) all current directors and executive officers, as a group.

Name of Individual or Identity of Group	Amount and Nature of Beneficial Ownership(1)	% of Common Stock
Green Equity Investors IV, L.P. <i>11111 Santa Monica Boulevard Suite 2000 Los Angeles, CA 90025</i>	15,406,249	54.4%
Viking Global Investors L.P. <i>55 Railroad Ave. Greenwich, CT 06830</i>	2,492,700	8.8%
Michael J. Soenen	633,992(2)	2.2%
Lawrence W. Johnson	73,335(3)	*
George T. Kanganis	73,335(3)	*
William J. Van Cleave	134,448(4)	*
Robert S. Apatoff	183,113(5)(6)	*
Adam M. Aron	16,667(7)	*
William J. Chardavoynne	8,334(8)	*
Ted C. Nark	173,113(5)(7)	*
Thomas M. White	8,334(8)	*
Carrie A. Wolfe		
Peter J. Nolan	15,577,695(9)	55.0%
John M. Baumer	15,567,695(9)	54.9%
Timothy J. Flynn	15,562,695(5)(9)	54.9%
All current executive officers and directors as a group (consisting of 15 individuals)	16,647,809(10)	58.8%

* Does not exceed 1%.

(1) The amounts shown are the number of shares of the Common Stock owned beneficially (as determined in accordance with Rule 13d-3(d)(1) of the Exchange Act) as of August 31, 2006. The persons identified in this table have sole voting and investment power over the shares of the Common Stock stated above, except as stated otherwise in these footnotes. This chart was prepared from information the directors and executive officers have given to us and from publicly available documents filed or furnished to the SEC.

(2) This number includes 475,558 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.

- (3) This number includes 53,334 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.
- (4) This number includes 97,780 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.
- (5) This number includes 156,446 shares of Common Stock held by FTD Co-Investment LLC. Messrs. Apatoff, Nark and Flynn hold membership interests in FTD Co-Investment LLC. Messrs. Apatoff, Nark and Flynn disclaim beneficial ownership of the shares of Common Stock held by FTD Co-Investment LLC.
- (6) This number includes 26,667 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.

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- (7) This number includes 16,667 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.
- (8) This number includes 8,334 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.
- (9) This numbers includes 15,406,249 shares of Common Stock held by Green Equity Investors IV, L.P. and 156,446 shares of Common Stock held by FTD Co-Investment LLC. Green Equity Investors IV, L.P. is a Delaware limited partnership managed by Leonard Green & Partners, L.P. FTD Co-Investment LLC is a Delaware limited liability company managed by Leonard Green & Partners, L.P. Each of Messrs. John G. Danhaki, Peter J. Nolan, Jonathan D. Sokoloff, John M. Baumer, Jonathan A. Seiffer and Timothy J. Flynn, either directly (whether through ownership interest or position) or through one or more intermediaries, may be deemed to control Leonard Green & Partners, L.P. As such, Messrs. Danhaki, Nolan, Sokoloff, Baumer, Seiffer and Flynn may be deemed to have shared voting and investment power with respect to all shares held by Green Equity Investors IV, L.P. and FTD Co-Investment LLC. These individuals disclaim beneficial ownership of the securities held by Green Equity Investors IV, L.P. and FTD Co-Investment LLC. Each of these individuals address is c/o Leonard Green & Partners, L.P., 11111 Santa Monica Boulevard, Suite 2000, Los Angeles, California 90025.
- (10) This number includes 818,343 shares that may be acquired upon the exercise of options within 60 days of August 31, 2006.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers (as defined therein), and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of holdings and transactions in the Company's equity securities and derivative securities with the SEC and The New York Stock Exchange (the **NYSE**) and to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of the forms and amendments received by the Company, we believe that, during the fiscal year ended June 30, 2006, all executive officers, directors and persons who beneficially own more than 10% of the Company's equity securities during this period complied with all Section 16(a) filing requirements applicable to them.

Table of Contents**GOVERNANCE OF THE COMPANY*****Who are the current members of the Board of Directors and on what committees of the Board of Directors do they serve?***

The members of the Board of Directors on the date of this Proxy Statement, and the committees of the Board of Directors on which they serve, are identified below.

	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
Peter J. Nolan, <i>Chairman</i>			
Robert S. Apatoff			*
Adam M. Aron		*	
John M. Baumer			
William J. Chardavoyne	*		
Timothy J. Flynn			*
Ted C. Nark		*	
Michael J. Soenen			
Thomas M. White	*		
Carrie A. Wolfe			

* Member

Chair

What are the Board of Directors committees and what are their roles?

The Board of Directors has a standing Executive Committee, Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee.

Executive Committee. The Executive Committee consists of Messrs. Baumer, Flynn, Nolan and Soenen and has all the powers and authority of the Board of Directors to manage the Company's business and affairs, except in respect of: (i) approving or adopting, or recommending to stockholders, any action or matter expressly required by Delaware law to be submitted to stockholders for approval and (ii) amending or repealing the Bylaws. The Executive Committee has the power and authority to submit recommendations to the Board of Directors with respect to all matters requiring action by the full Board of Directors prior to the Board of Directors taking any action, except those matters that applicable NYSE listing standards or SEC regulations require to be within the purview of the Company's independent directors or that are otherwise in conflict with such standards or regulations.

Audit Committee. The Audit Committee consists of Messrs. Aron (Chairman), Chardavoyne and White and its functions are described below under the heading Report of the Audit Committee. The Audit Committee's charter is available in the Investor Relations section of the Company's Internet Web site at www.ftd.com. The Audit Committee met five times during the fiscal year ended June 30, 2006.

The Board of Directors has determined that the Audit Committee meets the NYSE composition requirements, including the requirements dealing with financial literacy and financial sophistication, as well as the enhanced independence standards applicable to audit committees pursuant to Rule 10A-3(b)(i) under the Exchange Act, the NYSE's listing standards and the Company's *Corporate Governance Guidelines*. The Board of Directors has also determined that each of Messrs. White and Chardavoyne qualify as an audit committee financial expert as defined by the rules of the SEC.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of Messrs. Apatoff (Chairman), Aron and Nark and, as described in more detail below under How does the Board of Directors select director nominees, is responsible for the identification of

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qualified candidates to become Board members, the selection of nominees for election as directors at each Annual Meeting, the selection of candidates to fill any vacancies on the Board of Directors, the development and recommendation to the Board of Directors of the Company's *Corporate Governance Guidelines* and oversight of the evaluation of the Board of Directors. The charter of the Nominating and Corporate Governance Committee is available in the Investor Relations section of the Company's Internet Web site at www.ftd.com. The Nominating and Corporate Governance Committee met once during the fiscal year ended June 30, 2006.

Compensation Committee. The Compensation Committee consists of Messrs. Nolan (Chairman), Apatoff and Flynn and its functions are described below under the heading Compensation Committee Report on Executive Compensation. The charter of the Compensation Committee is available in the Investor Relations section of the Company's Internet Web site at www.ftd.com. The Compensation Committee met twice during the fiscal year ended June 30, 2006.

Who is the chair of the Board of Directors?

The Board of Directors selects its chair in accordance with the Bylaws. Peter J. Nolan has served as the Chairman of the Board of Directors since February 7, 2005. Mr. Nolan presides over all executive sessions of the non-management directors.

How does the Board of Directors select director nominees?

The Nominating and Corporate Governance Committee considers candidates for Board of Directors membership suggested by its members and the other members of the Board of Directors, as well as by management and the Company's stockholders. As set forth in the Company's *Corporate Governance Guidelines*, the Nominating and Corporate Governance Committee will annually review with the Board of Directors the appropriate characteristics, skills and experience for the Board of Directors as a whole and its individual members, and will recommend to the Board of Directors candidates for membership in accordance with the characteristics, skills and experience set forth by the committee, the *Corporate Governance Guidelines* and the selection criteria outlined in the committee's charter. The Nominating and Corporate Governance Committee, in evaluating the suitability of individual candidates and recommending candidates to stand for election, takes into account many factors, including a candidate's ability to make independent analytical inquiries, general understanding of marketing, finance and other elements relevant to the success of the Company in today's business environment, experience in the Company's industry and with relevant social policy concerns, understanding of the Company's business on a technical level and other board service and educational and professional background. Each candidate nominee must also possess fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility.

The Nominating and Corporate Governance Committee evaluates each individual in the context of the Board of Directors as a whole, with the objective of assembling a group that can best advance the success of the Company and represent stockholder interests through the exercise of sound judgment and calling upon the group's diversity of experience in these various areas. In searching for qualified director candidates to stand for election to the Board of Directors and to fill vacancies on the Board of Directors, the Board of Directors solicits current directors for the names of potential qualified candidates and may ask directors to pursue their own business contacts for the names of potentially qualified candidates. The Nominating and Corporate Governance Committee may use search firms or consult with outside advisors to assist in the search for qualified candidates in the future.

In addition, the Nominating and Corporate Governance Committee will consider candidates proposed by stockholders. Stockholders who wish to propose a candidate to the Nominating and Corporate Governance Committee must send written notice to the committee containing all of the information relating to such proposed candidate as is required to be disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Exchange Act.

Such written notice must be sent to the Nominating and Corporate Governance Committee, c/o the Secretary of the Company at the Company's principal executive office located at 3113 Woodcreek Drive, Downers Grove, Illinois 60515, generally not more than 120 days and not less than

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90 days before the date of the next Annual Meeting. See Questions and Answers Stockholder Proposals and Nominations, above. The Nominating and Corporate Governance Committee will use the same evaluation criteria in considering the suitability of stockholder candidates as for candidates proposed by the Company, the Board of Directors or the Nominating and Corporate Governance Committee.

Once the Nominating and Corporate Governance Committee has identified a prospective nominee, the committee will make a determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on whatever information is provided to the committee at the time of the recommendation of the prospective candidate, as well as the committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. This initial determination is based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the Nominating and Corporate Governance Committee determines, in consultation with the Chairman of the Board and other Board members, as appropriate, that additional consideration is warranted, it may request a third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the committee. The committee will then evaluate the prospective nominee against the standards and qualifications set forth in the Nominating and Corporate Governance Committee's charter and as set forth in the Company's *Corporate Governance Guidelines*, including:

- the prospective nominee's personal and professional integrity, ethics and values;
- the prospective nominee's experience in corporate management, such as serving as an officer or former officer of a publicly-held company;
- the prospective nominee's experience in the Company's industry and with relevant social policy concerns;
- the prospective nominee's experience as a board member of another publicly-held company;
- the prospective nominee's academic expertise in an area of the Company's operations; and
- the extent of the prospective nominee's practical and mature business judgment.

The Nominating and Corporate Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board of Directors, the balance of management and independent directors, the need for business expertise in additional or different areas and the evaluations of other prospective nominees. After completing this evaluation and interview, the Nominating and Corporate Governance Committee makes a recommendation to the full Board of Directors as to the persons who should be nominated by the Board of Directors, and the Board of Directors determines the nominees after considering the recommendation and report of the committee.

How does the Board of Directors determine which directors are considered independent?

The Board regularly reviews the Company's *Corporate Governance Guidelines* to ensure their compliance with SEC and NYSE regulations. The Company's *Corporate Governance Guidelines* meet or exceed the listing standards adopted by the NYSE. The full text of the *Corporate Governance Guidelines* can be found in the Investor Relations section of the Company's Internet Web site at www.ftd.com. A copy may also be obtained upon written request from the Company's Secretary at the Company's principal executive office located at 3113 Woodcreek Drive, Downers Grove, Illinois 60515.

The Company is a controlled company under the rules promulgated by the NYSE because Green Equity Investors IV, L.P. and an affiliate, both of which are affiliates of Leonard Green & Partners, L.P., beneficially own more than 50% of outstanding shares of the Common Stock. As a controlled company, the Company is exempt from certain independence requirements of the NYSE with respect to the composition of the Board of Directors and committees of the Board of Directors, including the requirements that a majority of the Board of Directors be comprised of independent directors, and that the Compensation Committee and the Nominating and Corporate Governance Committee be comprised solely of independent directors. Accordingly, a majority

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of the Company's Board of Directors is not comprised of independent directors and the Compensation Committee and Nominating and Corporate Governance Committee include directors who are not independent.

Pursuant to the Company's *Corporate Governance Guidelines*, the Board undertook its annual review of director independence beginning in August 2006. During this review, the Board considered transactions and relationships between each director or any member of his immediate family and the Company and its subsidiaries and affiliates. The Board also examined transactions and relationships between directors or their affiliates and members of the Company's senior management or their affiliates. As provided in the *Corporate Governance Guidelines*, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that Messrs. Aron, Chardavoyne and White are independent of the Company and its management under the standards set forth in the Company's *Corporate Governance Guidelines*, the NYSE listing standards and the enhanced independence standards applicable to audit committees pursuant to Rule 10A-3(b)(i) under the Exchange Act. The independent directors meet regularly in closed meetings without the attendance of management or other directors. The person presiding at such closed executive sessions is rotated among the independent directors.

How often did the Board of Directors meet during the fiscal year ended June 30, 2006?

The Board of Directors met five times during the fiscal year ended June 30, 2006. The number of meetings for each committee of the Board of Directors is set forth above under the heading "What are the Board's committees and what are their roles?"

Each director attended 100% of the aggregate total number of meetings held in the fiscal year ended June 30, 2006 by the Board and meetings of the committees thereof on which he was a member, except for Mr. Aron, who attended approximately 90% of the meetings held, including meetings of the Audit and Nominating and Corporate Governance committees, during this period. Under the Company's *Corporate Governance Guidelines*, each director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by regularly attending meetings of the Board and committees of which he or she is a member, with the understanding that, on occasion, a director may be unable to attend a meeting.

How are directors compensated?

Directors who are not members of the Company's management or principals of Leonard Green & Partners, L.P. receive a \$25,000 annual retainer, \$5,000 per Board meeting attended in person (\$1,000 per meeting attended by phone), a one-time grant of an option to purchase 25,000 shares of Common Stock upon joining the Board of Directors (one-third to vest on the grant date, one-third to vest one year from the grant date and one-third to vest two years from the grant date) and an annual grant of an option to purchase 2,500 shares of Common Stock on the date of each annual meeting (vesting one year from the grant date). The members of the Audit Committee receive a \$7,500 annual retainer (\$20,000 for the Audit Committee Chairman) and \$2,000 per meeting attended in person (\$1,000 per meeting attended by phone). The members of the Compensation Committee and Nominating and Corporate Governance Committee who are not members of management of the Company or principals of Leonard Green & Partners, L.P. also receive \$2,000 per meeting attended in person (\$1,000 per meeting attended by phone). In addition, if a director is Chairman of the Compensation Committee or Nominating and Corporate Governance Committee and is not a member of management of the Company or a principal of Leonard Green & Partners, L.P., that individual receives an annual retainer of \$5,000. Directors who are employees do not receive additional compensation for serving as directors or for attending Board of Directors or committee meetings. The Company reimburses all directors for their expenses in connection with attending meetings of the Board of Directors or committees of the Board of Directors.

The compensation of directors may be modified from time to time by the Compensation Committee if it determines such modification is necessary or appropriate in light of the Company's needs, best market practices or applicable legal and regulatory changes.

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How do stockholders communicate with the Board of Directors?

Stockholders and other parties interested in communicating directly with the Chairman of the Board of Directors, with the non-management directors as a group or with individual members of the Board of Directors may do so by writing to:

Name of Director(s) or Board of Directors or Non-Management Directors
c/o General Counsel
FTD Group, Inc.
3113 Woodcreek Drive
Downers Grove, Illinois 60515

Mr. Jon R. Burney, the Company's General Counsel, will review all correspondence addressed to the Board of Directors, or any individual Board member, for any inappropriate correspondence and correspondence more suitably directed to the Company's management. Mr. Burney will summarize all correspondence not forwarded to the applicable addressee and make the correspondence available to the Board of Directors for its review at the Board of Director's request. Mr. Burney will forward stockholder communications to the Board of Directors prior to the next regularly scheduled meeting of the Board of Directors following the receipt of the communication as appropriate. Such communications will be distributed to specific director(s) as directed by the stockholder in the communication or, if addressed generally to the Board of Directors, to specific members of the Board of Directors as may be appropriate. For example, if a communication relates to accounting, internal accounting controls or auditing matters, unless otherwise specified, the communication will be forwarded to the Chairman of the Audit Committee.

Does the Company have a Code of Ethics?

The Company has adopted a *Code of Business Conduct and Ethics* that is applicable to all employees of the Company, including the principal executive officer, principal financial officer, controller and other persons performing similar functions, as well as the Company's directors. The *Code of Business Conduct and Ethics* is available in the Investor Relations section of the Company's Internet Web site at www.ftd.com. A copy may also be obtained upon written request from the Company's Secretary at FTD Group, Inc., 3113 Woodcreek Drive, Downers Grove, Illinois 60515. The Company intends to post amendments to or waivers from its *Code of Business Conduct and Ethics* (to the extent applicable to the Company's chief executive officer, principal financial officer, controller or any director) on its Internet Web site.

Table of Contents**EXECUTIVE OFFICERS**

The following sets forth certain current information with respect to the Company's current executive officers:

Name	Age	Position(s)
Michael J. Soenen	36	Director, President and Chief Executive Officer
Becky A. Sheehan	40	Chief Financial Officer
Jon R. Burney	64	Vice President, General Counsel and Secretary
Lawrence W. Johnson	39	Executive Vice President of Mercury Technology
George T. Kanganis	50	Executive Vice President of Sales
William J. Van Cleave	42	Executive Vice President of Member Services and FTD.COM

Biographical information for Michael J. Soenen appears under the heading "Proposal 1 Election of Directors Nominees for Election."

Becky A. Sheehan. Ms. Sheehan joined the Company as Chief Financial Officer in July 2006 and has 19 years experience in public accounting with Deloitte & Touche LLP and Arthur Andersen LLP. Ms. Sheehan served as the partner in-charge of the Consumer Business and Manufacturing audit practice for the Chicago office of Deloitte & Touche LLP. She also served as the partner responsible for delivery of audit services for a number of consumer business companies. Ms. Sheehan is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants. She received her Bachelors degree in Accounting from Illinois State University in 1987.

Jon R. Burney. Mr. Burney has served as Vice President, General Counsel and Secretary of FTDI and as Secretary of FTD since October 2000. Since June 28, 2002, he has also served as Vice President and General Counsel of FTD as well as Vice President, General Counsel and Secretary of FTD.COM. In November 2004, Mr. Burney was appointed Vice President, General Counsel and Secretary of the Company. Prior to joining FTD, Mr. Burney practiced law with the firm of Burney and Herthneck in Cleveland, Ohio for 18 years and he has been a member of the Ohio State Bar since 1968. Prior to that time, he was Vice President and General Counsel for Apcoa Inc. and counsel for the Apcoa division of ITT. Mr. Burney received a Bachelor of Arts degree from Denison University in 1964 and a Juris Doctor from The Ohio State University College of Law in 1967.

Lawrence W. Johnson. Mr. Johnson was appointed as the Executive Vice President of Mercury Technology in October 2003. From 1997 to October 2003, Mr. Johnson served in various positions, including Vice President-Human Resources, the Director of Administration and Tax Manager. Prior to joining FTD in 1997, Mr. Johnson worked as a Tax Manager for Culumber and Scanlan, Ltd., an independent public accounting firm. Mr. Johnson received a Bachelor of Science degree in Accounting from DePaul University in 1989 and is a Certified Public Accountant.

George T. Kanganis. Mr. Kanganis was appointed as the Executive Vice President of Sales of FTD in December 2002. From October 2000 until December 2002, Mr. Kanganis served as the Vice President of Sales and the Vice President of National Accounts. Prior to joining FTD, Mr. Kanganis served in various sales positions, including the Vice President of National Accounts, for Teleflora LLC from 1989 to September 2000. Mr. Kanganis worked in his family's New York based flower shop from 1979 to 1989. Mr. Kanganis received a Bachelor of Science degree in Business Administration from Manhattan College and currently serves on the Society of American Florists' National Convention Committee.

William J. Van Cleave. Mr. Van Cleave was appointed as the Executive Vice President of Member Services in March 2002 and the Executive Vice President of FTD.COM in June 2006. In addition, he served as Executive Vice President of Mercury Technology from May 2002 to December 2002. From August 1999 through March 2002, Mr. Van Cleave served as Vice President-Marketing of FTD.COM. Prior to joining the Company in August 1999, he was the Marketing Director of americangreetings.com, the Internet marketing division of American Greetings Corporation, from November 1995 to July 1999. From August 1990 to October 1995, Mr. Van Cleave served in various other capacities at American Greetings Corporation. Mr. Van Cleave received a Bachelor of Science degree from Miami University in 1986 and a Masters of Business Administration from Case Western Reserve University in 1990.

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

*The following Compensation Committee Report on Executive Compensation and the performance charts included elsewhere in this Proxy Statement do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended (the **Securities Act**), or the Exchange Act, except to the extent the Company specifically incorporates this report or the performance charts by reference therein.*

The function of the Compensation Committee is to develop and maintain the Company's compensation strategies and policies. The Compensation Committee is responsible for monitoring and administering the Company's compensation and employee benefit plans and reviewing, among other things, base salary levels, incentive awards and bonus awards for officers and key executives, and such other matters as are specifically delegated to the Compensation Committee by applicable law or regulation, or by the Board of Directors from time to time. The Compensation Committee operates under a charter approved by the Board of Directors on February 7, 2005, which is available in the Investor Relations section of the Company's Internet Web site at www.ftd.com.

The Compensation Committee of the Board of Directors has furnished this report on executive compensation for the fiscal year ended June 30, 2006.

Compensation Philosophy

The general philosophy of the Compensation Committee is to provide executive compensation designed to attract and retain world-class talent in a highly competitive industry while at the same time delivering sustained value to the Company's stockholders. In furtherance of these goals, the Company's executive compensation programs are designed to link a meaningful portion of compensation opportunity to the performance of the Company and the executive, with an appropriate balance between retention and risk. The Company's executive compensation programs comprise annual compensation, consisting of salary and bonus awards, and long-term compensation, consisting of stock options and other equity-based compensation. Lastly, the Compensation Committee is committed to the concept of significant ownership of the Common Stock by executive officers.

In making decisions affecting executive compensation, the Compensation Committee reviews the nature and scope of the executive officer's responsibilities as well as his or her effectiveness in supporting the Company's long-term goals. The Compensation Committee also considers the compensation practices of companies that are of similar size to the Company as well as the compensation practices of companies providing similar services and products as the Company. The Company does not have a policy to predetermine specific compensation relative to the compensation paid by other companies.

There are two primary types of compensation provided to the Company's executive officers:

annual compensation, which includes base salary intended to provide a stable annual salary at a level consistent with individual contributions, and annual performance bonuses intended to link each officer's compensation to the Company's performance as well as the performance of such officer; and

long-term compensation, which may include stock options, restricted stock awards and other equity-based compensation intended to encourage actions to maximize stockholder value.

Base Salary

Pursuant to the Compensation Committee's charter, the Compensation Committee reviews and approves, on an annual basis, the compensation of all executive officers, directors and other employees of the Company or its subsidiaries with a base salary of at least \$150,000.

Incentive Bonus Plan

The Board of Directors has adopted the Incentive Bonus Plan of FTD Group, Inc. (the **Bonus Plan**). Messrs. Soenen, Johnson, Kanganis and Van Cleave and Ms. Sheehan (beginning in the fiscal year ending

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June 30, 2007), along with other executive officers, are participants in the Bonus Plan. In addition, Ms. Wolfe participated in the Bonus Plan until June 30, 2006. The Bonus Plan covers approximately 40 key employees and provides additional compensation based on a percentage of the employees' base salaries in the event that (i) the Company achieves one or more targets based on the Company's earnings before interest, taxes, depreciation and amortization, deferred compensation, management fees and other non-recurring items and (ii) the individual achieves specified goals. Mr. Soenen received bonuses of \$1,000,000, \$823,643 and \$22,631 related to the fiscal years ended June 30, 2006, 2005 and 2004, respectively, pursuant to the Bonus Plan. Mr. Johnson received bonuses of \$200,000, \$161,511 and \$25,017 related to the fiscal years ended June 30, 2006, 2005 and 2004, respectively, pursuant to the Bonus Plan. Mr. Kanganis received bonuses of \$200,000, \$179,457 and \$29,038 related to the fiscal years ended June 30, 2006, 2005 and 2004, respectively, pursuant to the Bonus Plan. Mr. Van Cleave received bonuses of \$226,600, \$203,325 and \$34,632 related to the fiscal years ended June 30, 2006, 2005 and 2004, respectively, pursuant to the Bonus Plan. Ms. Wolfe received bonuses of \$250,000 and \$196,794 related to the fiscal years ended June 30, 2006 and 2005, respectively, pursuant to the Bonus Plan, but did not receive a bonus related to the fiscal year ended June 30, 2004. The Board of Directors may amend or terminate the Bonus Plan at any time in its sole discretion.

Equity-Based Compensation

The Board of Directors has adopted, and the Company's stockholders have approved, the FTD Group, Inc. 2005 Amended and Restated Equity Incentive Award Plan (the **2005 Plan**). The 2005 Plan is described below under the heading "Executive Compensation - Equity Incentive Award Plan."

During fiscal year 2006, the Company granted 137,500 options to employees and directors of the Company. Options granted to employees during the fiscal year ended June 30, 2006 vest equally each year over an approximate five-year period. Options granted to directors during the fiscal year ended June 30, 2006 either vest equally in thirds, one-third on the date of grant, one-third on the first anniversary of the date of grant and the remaining one-third on the second anniversary of the date of grant or vest in full on the first anniversary of the date of grant.

Compensation of the Chief Executive Officer

For the fiscal year ended June 30, 2006, Mr. Soenen's base salary was \$500,000, based on a year with 26 pay periods. In consideration of the Company's performance and his individual performance for the fiscal year ended June 30, 2006, Mr. Soenen received a bonus of \$1,000,000 pursuant to the Bonus Plan.

Internal Revenue Code Section 162(m)

In determining executive compensation, the Compensation Committee considers, among other factors, the possible tax consequences to the Company and to the Company's executive officers, including the potential impact of Section 162(m) of the Internal Revenue Code of 1986, as amended (**Section 162(m)**). Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for the Chief Executive Officer and the other senior executive officers, other than compensation that is performance-based under a plan that is approved by the stockholders of the Company and that meets certain other technical requirements. However, tax consequences, including but not limited to tax deductibility by the Company, are subject to many factors (such as changes in the tax laws and regulations or interpretations thereof and the timing and nature of various decisions by executives regarding options and other rights) that are beyond the control of either the Compensation Committee or the Company. In addition, the Compensation Committee believes that it is important for it to retain maximum flexibility in designing compensation programs that meet its stated objectives. For all of the foregoing reasons, the Compensation Committee, while considering tax deductibility as one of its factors in determining compensation, will not limit compensation to those levels or types of compensation that will be deductible. The

Compensation Committee will, of course, consider alternative forms of compensation, consistent with its compensation goals, that preserve deductibility.

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Conclusion

The Compensation Committee believes that the compensation policies and plans of the Company are generally properly integrated with the Company's business plan and aligned with the best interests of the Company's stockholders. The Compensation Committee will continue to review and revise the Company's compensation policies and plans in light of the Company's needs, best market practices and legal and regulatory changes.

Compensation Committee of the Board of Directors

Peter J. Nolan, Chairman
Robert S. Apatoff
Timothy J. Flynn

Compensation Committee Interlocks and Insider Participation

Messrs. Nolan, Apatoff and Flynn became members of the Compensation Committee in February 2005. Since then none has been an officer or employee of the Company. None of the Company's executive officers currently serves, or in the past has served, on the board of directors or compensation committee (or committee performing equivalent functions) of any other company that has or had one or more executive officers serving on the Company's Board of Directors or Compensation Committee.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following summary compensation table sets forth information concerning total compensation earned or paid to (i) our Chief Executive Officer during the fiscal year ended June 30, 2006 and (ii) the four other most highly compensated executive officers of the Company who served in such capacities as of June 30, 2006, in each case for services rendered to the Company during each of the past three fiscal years.

Name and Principal Position(s)	Fiscal Year	Annual Compensation		Long-Term Compensation Awards Securities Underlying Options (#)	All Other Compensation
		Salary	Bonus(1)		
Michael J. Soenen	2006	\$ 519,231(2)	\$ 1,000,000		\$ 4,193(3)
<i>Director, President and Chief Executive Officer</i>	2005	500,000	823,643	925,001(4)	8,540(5)
	2004	256,731	272,631(6)		1,427,585(7)
Lawrence W. Johnson	2006	206,923	200,000		3,556(8)
<i>Executive Vice President of Mercury Technology</i>	2005	180,000	161,511	100,000(9)	5,776(10)
	2004	161,462	125,017(11)		6,653(12)
George T. Kanganis	2006	207,692	200,000		2,636(13)
<i>Executive Vice President of Sales</i>	2005	200,000	179,457	100,000(14)	5,825(15)
	2004	199,231	179,038(16)		3,158(17)
William J. Van Cleave	2006	235,316	226,600		3,368(18)
<i>Executive Vice President of Member Services and FTD.COM</i>	2005	226,600	203,325	183,334(19)	6,153(20)
	2004	226,346	134,632(21)		8,487(22)
Carrie A. Wolfe	2006	259,616	250,000		3,644(23)
<i>Former Chief Financial Officer</i>	2005	205,860	196,794	250,000(24)	4,385(23)
	2004	240,485	500,000(25)		718,205(26)

- (1) Includes cash bonuses paid in the fiscal year following the referenced fiscal year with respect to services rendered in the referenced fiscal year. See Compensation Committee Report on Executive Compensation Incentive Bonus Plan.
- (2) As noted in Compensation Committee Report on Executive Compensation Compensation of the Chief Executive Officer, Mr. Soenen's annual salary is \$500,000, based on a year with 26 pay periods. However, because of the Company's bi-weekly pay cycle there were 27 (rather than 26) pay periods during fiscal year 2006 and, consequently, Mr. Soenen received a total of \$519,231 during this period.
- (3) Represents \$405 in flexible dollars for use in connection with FTDI's benefit plan and \$3,788 in matching contributions to FTDI's 401(k) Retirement Savings Plan (the **401(k) Plan**).

(4)

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Includes 529,167 options, 20% of which vested on June 30, 2005, 20% of which vested on June 30, 2006 and the remaining 60% of which vest in 20% increments on June 30 of each of the next three fiscal years. Also includes 395,834 options which vest in full on June 30, 2011 and are subject to earlier vesting in the event that certain performance targets are met by the Company.

- (5) Represents \$1,405 in flexible dollars for use in connection with FTDI's benefit plan and \$7,135 in matching contributions to the 401(k) Plan.
- (6) Represents a bonus of \$22,631 for the fiscal year ended June 30, 2004 and a bonus of \$250,000 related to the February 24, 2004 going private transaction, in which Nectar Merger Corporation, which was a wholly owned subsidiary of the Company, merged with and into FTD with FTD continuing as the surviving corporation (the **2004 Going Private Transaction**).
- (7) Represents \$1,421,875 in severance payment, \$1,758 in flexible dollars for use in connection with FTDI's benefit plan and \$3,952 in matching contributions to the 401(k) Plan.
- (8) Represents \$675 in flexible dollars for use in connection with FTDI's benefit plan and \$2,881 in matching contributions to the 401(k) Plan.

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- (9) Includes 50,000 options, 20% of which vested on June 30, 2005, 20% of which vested on June 30, 2006 and the remaining 60% of which vest in 20% increments on June 30 of each of the next three fiscal years. Also includes 50,000 options which vest in full on June 30, 2011 and are subject to earlier vesting in the event that certain performance targets are met by the Company.
- (10) Represents \$1,630 in flexible dollars for use in connection with FTDI s benefit plan and \$4,146 in matching contributions to the 401(k) Plan.
- (11) Represents a bonus of \$25,017 for the fiscal year ended June 30, 2004 and a bonus of \$100,000 related to the 2004 Going Private Transaction.
- (12) Represents \$2,155 in flexible dollars for use in connection with FTDI s benefit plan and \$4,498 in matching contributions to the 401(k) Plan.
- (13) Represents \$405 in flexible dollars for use in connection with FTDI s benefit plan and \$2,231 in matching contributions to the 401(k) Plan.
- (14) Includes 50,000 options, 20% of which vested on June 30, 2005, 20% of which vested on June 30, 2006 and the remaining 60% of which vest in 20% increments on June 30 of each of the next three fiscal years. Also includes 50,000 options which vest in full on June 30, 2011 and are subject to earlier vesting in the event that certain performance targets are met by the Company.
- (15) Represents \$1,440 in flexible dollars for use in connection with FTDI s benefit plan and \$4,385 in matching contributions to the 401(k) Plan.
- (16) Represents a bonus of \$29,038 for the fiscal year ended June 30, 2004 and a bonus of \$150,000 related to the 2004 Going Private Transaction.
- (17) Represents \$2,235 in flexible dollars for use in connection with FTDI s benefit plan and \$923 in matching contributions to the 401(k) Plan.
- (18) Represents \$405 in flexible dollars for use in connection with FTDI s benefit plan and \$2,963 in matching contributions to the 401(k) Plan.
- (19) Includes 91,667 options, 20% of which vested on June 30, 2005, 20% of which vested on June 30, 2006 and the remaining 60% of which vest in 20% increments on June 30 of each of the next three fiscal years. Also includes 91,667 options which vest in full on June 30, 2011 and are subject to earlier vesting in the event that certain performance targets are met by the Company.
- (20) Represents \$1,440 in flexible dollars for use in connection with FTDI s benefit plan and \$4,713 in matching contributions to the 401(k) Plan.
- (21) Represents a bonus of \$34,632 for the fiscal year ended June 30, 2004 and a bonus of \$100,000 related to the 2004 Going Private Transaction.
- (22) Represents \$2,305 in flexible dollars for use in connection with FTDI s benefit plan and \$6,182 in matching contributions to the 401(k) Plan.
- (23) Represents matching contributions to the 401(k) Plan.

- (24) Includes 125,000 options, 20% of which vested on June 30, 2005, 20% of which vested on June 30, 2006 and the remaining 60% of which vest in 20% increments on June 30, of each of the next three fiscal years. Also includes 125,000 options which vest in full on June 30, 2011 and are subject to earlier vesting in the event that certain performance targets are met by the Company.
- (25) Represents a bonus related to the 2004 Going Private Transaction.
- (26) Represents \$712,500 in severance payment, \$484 in flexible dollars for use in connection with FTDI's benefit plan and \$5,221 in matching contributions to the 401(k) Plan.

Option Grants in Last Fiscal Year

No stock option grants or stock appreciation rights were granted to the individuals named above in the Summary Compensation Table during the fiscal year ended June 30, 2006.

Table of Contents**Option Exercises and Fiscal Year-End Values**

The following table shows information about unexercised options to purchase Common Stock as of June 30, 2006 held by the individuals named in the Summary Compensation Table. No stock options or stock appreciation rights were exercised by these individuals during the fiscal year ended June 30, 2006. No stock appreciation rights were held by these individuals as of June 30, 2006.

	Number of Shares Acquired on Exercise in 2006	Value Realized	Number of Securities Underlying Unexercised Options Held at June 30, 2006		Value of Unexercised In-The-Money Options Held at June 30, 2006(a)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael J. Soenen			343,613	581,388	\$ 4,638,776	\$ 7,848,738
Lawrence W. Johnson			36,667	63,333	495,005	854,996
George T. Kanganis			36,667	63,333	495,005	854,996
William J. Van Cleave			67,224	116,110	907,524	1,567,485
Carrie A. Wolfe			91,667	158,333	1,237,505	2,137,496

(a) Options were in-the-money as of June 30, 2006 if the market value of the Common Stock on that date exceeded the exercise price of the options. The amounts listed represent the difference between the closing price of the Common Stock on the NYSE on June 30, 2006 (\$13.50) and the exercise price payable for those shares.

Long-Term Incentive Plan Awards in Last Fiscal Year

No long-term incentive awards were granted to the Company's named executive officers during the fiscal year ended June 30, 2006.

Employment Agreements With Named Executive Officers

Pursuant to employment agreements between FTDI and each of Messrs. Johnson, Kanganis and Van Cleave, each dated as of May 20, 2003, and amended as of October 5, 2003 and February 24, 2004, each executive has agreed to serve as an officer of FTDI or in a substantially similar position with any entity that acquires FTDI through May 31, 2004, with the term of each agreement renewing automatically for one year periods thereafter unless terminated as provided in the agreement prior to the end of the term. None of these agreements has been terminated. Each executive has agreed to the following minimum base salaries or such greater amount as determined by the Board of Directors or the Compensation Committee plus a performance bonus as set by the Board of Directors or the Compensation Committee: Mr. Johnson, \$122,000; Mr. Kanganis, \$180,000 and Mr. Van Cleave, \$220,000. The employment agreements also provide that each executive is entitled to four weeks of paid vacation per year, reimbursement for all reasonable and necessary travel expenses and other disbursements incurred by each executive for or on FTDI's behalf and additional employment-related benefits that are made available from time to time to FTDI's employees who are at comparable levels to each executive. In addition, each executive's employment agreement provides that if:

FTDI fails to renew the executive's employment agreement at the end of its term;

FTDI terminates the executive's employment without cause (other than upon a change of control); or

the executive resigns following his or her assignment to a position that represents a material diminution in the executive's operating responsibilities (other than upon a change of control);

then the executive is entitled to receive certain termination benefits, which include the continuation of his or hers most recent base salary for one year from the effective date of any such termination and any pro rata bonus to which the executive may be entitled pursuant to the agreement.

In addition, each employment agreement provides that the executive is entitled to receive certain severance benefits upon a change of control if, during the two years following a change of control, the

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executive's employment is terminated or not renewed (other than for cause, death or permanent disability) or the executive resigns because:

FTDI fails to elect or re-elect or otherwise to maintain the executive in the office or the position, or a substantially equivalent office or position, which the executive held immediately prior to the change of control;

there is (i) a material adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position that the executive held immediately prior to the change of control (except for changes resulting from the Company ceasing to be a public company or the executive no longer having the duties held by an officer of a public company); (ii) a reduction in the executive's base salary or a material modification in the scope of the executive's right to participate in any bonus program offered to similarly-situated employees as in effect immediately prior to the change of control; or (iii) the termination, denial or reduction in scope or value of the executive's rights to certain additional employment-related benefits at least as great in the aggregate as those payable immediately prior to the change of control;

a change in the scope of the business or other activities for which the executive is responsible, which has rendered the executive unable to carry out any material portion of the duties attached to the executive's position immediately prior to the change of control (except for changes resulting from the Company ceasing to be a public company or the executive no longer having the duties held by an officer of a public company);

FTDI's liquidation, dissolution, merger, consolidation or reorganization or transfer of all or substantially all of FTDI's business and/or assets; or

the executive's principal location of work changed to any location that is more than 50 miles from his or her current principal location of work immediately prior to a change of control.

These benefits include, among other things, a lump sum payment equal to the sum of (i) the executive's base salary for two years at the highest rate during the three years prior to termination, (ii) two times the executive's target performance bonus for the fiscal year in which the change of control or termination occurs, whichever is higher and (iii) any pro rata performance bonus to which the executive may be entitled for the fiscal year in which the change of control or termination occurs, whichever is higher. For two years after the date of termination, each executive is entitled to certain health benefits, life insurance and disability insurance and reasonable and customary executive outplacement services not to exceed \$20,000.

A change of control is defined in each executive's employment agreement to include:

the acquisition by any person of more than 50% of FTDI's voting stock or the voting stock of FTD;

a change in a majority of FTDI's directors or the directors of FTD;

the consummation of a reorganization, merger or consolidation or sale of all or substantially all of FTDI's assets or the assets of FTD; or

the approval by FTDI's stockholders or the stockholders of FTD of a complete liquidation or dissolution of FTDI or FTD.

Each executive's employment agreement also provides that any of the executive's outstanding stock options or restricted stock awards will become immediately exercisable or vest in full, as the case may be, upon a change of control.

Under the terms of a confidentiality and non-competition agreement between FTDI and each of the executives, the executives have agreed not to engage in any business activity if such activity constitutes the sale or provision of floral products or services that are similar to, or competitive with, floral products or services then being sold or provided by FTDI or any of its subsidiaries or affiliated companies, while the executive is employed by FTDI and for a period of one year thereafter. In addition, under the agreement, each

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executive has agreed to certain provisions regarding the non-disclosure of confidential information and non-solicitation of employees of FTDI.

Other than Messrs. Johnson, Kanganis and Van Cleave, none of the Company's named executive officers are party to an employment agreement with the Company.

Equity Incentive Award Plan

2005 Plan. The Board of Directors has adopted, and the Company's stockholders have approved, the 2005 Plan. The 2005 Plan amended and restated the Company's Stock Option Plan originally adopted on September 30, 2004 (the **Original Plan**). The principal purpose of the 2005 Plan is to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards. The 2005 Plan provides for a variety of such awards, including non-qualified stock options, incentive stock options (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended), stock appreciation rights, restricted stock awards, restricted stock unit awards, deferred stock awards, dividend equivalents, performance share awards, performance stock unit awards, stock payment awards, performance-based awards and other stock-based awards. A total of 4,592,778 shares of Common Stock are reserved for issuance under the 2005 Plan, which may be used for any of the types of awards permitted under the 2005 Plan. A maximum of 1,500,000 shares of Common Stock may be granted to any one participant during a one-year period (measured from the date of any grant). The 2005 Plan does not apply to stock options that were granted under the Original Plan prior to the effective date of the 2005 Plan, which continue to be subject to the terms and conditions of the Original Plan.

Administration. The 2005 Plan is administered by the Compensation Committee. The Compensation Committee has the power to interpret the 2005 Plan and to adopt such rules for the administration, interpretation and application of the 2005 Plan according to its terms. To the extent permitted by applicable law, the Board of Directors or the Compensation Committee may also delegate to one or more members of the Board of Directors or one or more of the Company's officers the power, among other things, to designate which of our non-officer employees shall receive stock awards, and the number of shares of the Common Stock that will be subject to each award, subject to a maximum aggregate number of shares specified by the Board of Directors or the Compensation Committee at the time the delegation to the director(s) or officer(s) is made.

Grant of Awards. Certain employees, consultants and directors are eligible to be granted awards under the 2005 Plan. The Compensation Committee determines:

which employees, consultants, and directors are to be granted awards;

the type of award that is granted;

the number of shares subject to the awards; and

the terms and conditions of the awards, consistent with the 2005 Plan.

Limitation on Incentive Stock Option Treatment. Only the Company's employees may be granted incentive stock options. Even if an option is designated as an incentive stock option, no option will qualify as an incentive stock option if the aggregate fair market value of the Common Stock (as determined as of the date of grant) with respect to all of a holder's incentive stock options exercisable for the first time during any calendar year exceeds \$100,000. Any option failing to qualify as an incentive stock option will be deemed to be a non-qualified stock option.

Stock Option Exercise Prices. The Compensation Committee sets the per share exercise price of stock options granted under the 2005 Plan. However, the per share option exercise price may not be less than 100% of the fair market value of shares of the Common Stock on the grant date and, with respect to an incentive stock option granted to any individual who, at the date of grant, owns stock possessing more than 10 percent of the total combined voting power of all classes of the Company's capital stock, may not be less than 110% of the fair market value of shares of the Common Stock on the grant date.

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Expiration of Stock Options. The term of an option is set by the Compensation Committee subject to the following conditions: (i) no option term may be longer than ten years from the date of grant and (ii) the option term for an incentive stock option granted to a person owning more than 10% of the total combined voting power of all classes of the Company's capital stock may not exceed five years from the date of grant.

Other Equity Awards. In addition to stock options, the Compensation Committee may also grant to certain employees, consultants and directors stock appreciation rights, shares of restricted stock, restricted stock units, dividend equivalents, performance share awards, performance stock unit awards, stock payment awards, deferred stock awards, performance-based awards, or other stock-based awards, with such terms and conditions as the Compensation Committee may, subject to the terms of the 2005 Plan, establish. Such awards may be settled in cash, stock or a combination thereof. Under the 2005 Plan, performance share awards, performance stock unit awards and performance-based stock awards are intended to comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, and its underlying regulations, in order to allow these awards, when payable, to be fully tax deductible by the Company.

Adjustments of Awards. If the Compensation Committee determines that a stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization, distribution of company assets to stockholders (other than normal cash dividends), or any other corporate event affecting the stock or the share price of the stock affects the Common Stock in a manner that causes dilution or enlargement of benefits or potential benefits under the 2005 Plan, then the Compensation Committee may appropriately and equitably adjust:

the aggregate number of, and kind of, shares of the Common Stock subject to the 2005 Plan;

the number of, and kind of, shares of the Common Stock subject to the outstanding awards;

the price per share of the Common Stock upon exercise of outstanding options; and

the financial or other performance targets specified in each option agreement for determining the exercisability of options.

In such a case, the Compensation Committee may, subject to the terms of the 2005 Plan, take the following actions:

provide for either termination of any award in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of such award or realization of the holder's rights or the replacement of an award with other rights or property;

provide that an award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

provide that an award will be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the 2005 Plan or the applicable award agreement; and

provide that the award cannot vest, be exercised or become payable after such an event.

The Compensation Committee (or the Board of Directors, in the case of options granted to independent directors) may, in its sole discretion, include such further provisions and limitations in any award agreement as it may deem equitable and in our best interests.

Amendment and Termination. The Board of Directors or the Compensation Committee (with board approval) may amend, suspend and terminate the 2005 Plan anytime from time to time. However, the Company must generally obtain approval of the Company's stockholders to: (i) increase the number of shares available under the 2005 Plan; (ii) grant options with an exercise price that is below 100% of the fair market value of shares of the Common Stock on the grant date; (iii) extend the exercise period for an option beyond 10 years from the date of grant; (iv) take any action that results in a material increase in benefits or a change

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in eligibility requirement; or (v) the extent required by applicable law, rule or regulation (including any applicable stock exchange rule).

Absent approval of the Company's stockholders, no option may be amended to reduce the per share exercise price of the shares subject to such option below the per share exercise price of such option on the grant date and no option may be granted in exchange for, or in connection with, the cancellation or surrender of an option having a higher per share exercise price. In addition, the Company may not terminate, amend, or modify the 2005 Plan in a manner that adversely affects in any material way any previously granted award without the participant's prior written consent.

Effective and Expiration Date. The 2005 Plan was effective as of February 7, 2005, the date it was approved by the Company's stockholders. The 2005 Plan will expire on, and no option or other award may be granted pursuant to the 2005 Plan after, the earlier of the tenth anniversary of the date it is approved by the (i) Company's stockholders and (ii) Board of Directors. Any awards that are outstanding on February 7, 2015 will remain in force according to the terms of the 2005 Plan and the applicable award agreement.

Incentive Bonus Plan

The Bonus Plan is described above under the heading Compensation Committee Report on Executive Compensation.

401(k) Plan

The Company sponsors a 401(k) savings plan for all of its eligible employees. All eligible employees may contribute between 1% and 75% of their gross annual salary up to \$14,000 annually and \$15,000 annually, on a pre-tax basis, for calendar year 2005 and 2006, respectively. As of January 1, 2005, the Company matches an amount equal to 25% of each participant's pre-tax contribution up to 6% of the participant's compensation. Prior to January 1, 2005, the Company matched an amount equal to 50% of each participant's pre-tax contribution up to 6% of the participant's compensation. Company contributions to the 401(k) plan for the years ended June 30, 2006 and 2005, for the period from February 24, 2004 through June 30, 2004 and for the period from July 1, 2003 through February 23, 2004, were \$267,000, \$346,000, \$181,000 and \$289,000, respectively.

**EQUITY COMPENSATION PLAN INFORMATION
AS OF JUNE 30, 2006**

Plan Category	(A) Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(B) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
Equity compensation plans approved by security holders	2,105,876	\$ 3.89	2,415,991

Equity compensation Plans not
approved by security holders

Total	2,105,876	\$	3.89	2,415,991
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Table of Contents**STOCKHOLDER RETURN COMPARISON**

The following performance chart and table provide a comparison of cumulative total stockholder return for the period from February 9, 2005 (the date on which the Common Stock began publicly trading) through June 30, 2006, for an investment in the Company, the Russell 2000 Index and a peer group, which consists of 1-800-Flowers.com (the **Peer Group**). The chart and table assume an investment of \$100.00 in each of the Company and the two indices, and the reinvestment of any dividends. The historical information set forth below is not necessarily indicative of future performance. Data for the Company, the Russell 2000 Index and the Peer Group were provided to the Company by Research Data Group, Inc. The data shown is based on the closing share prices or index values, as applicable, at the end of the last day of each quarter shown (except for the initial date, February 9, 2005).

COMPARISON OF CUMULATIVE TOTAL RETURN*
AMONG FTD GROUP, INC., THE RUSSELL 2000 INDEX AND A PEER GROUP

* \$100 invested on 2/9/05 in stock or index including reinvestment of dividends. Fiscal year ending June 30.

	2/9/05	3/31/05	6/30/05	9/30/05	12/31/05	3/31/06	6/30/06
FTD GROUP, INC.	100.00	89.12	83.46	76.10	76.40	71.25	99.26
RUSSELL 2000	100.00	98.49	102.74	107.56	108.78	123.94	117.72
PEER GROUP	100.00	99.61	92.63	92.24	84.47	93.42	75.92

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the fiscal year ended June 30, 2006, there were no relationships or transactions required to be reported by the Company pursuant to Item 404 of Regulation S-K.

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REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing made by the Company under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates this report by reference therein.

As more fully described in its charter, the Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and internal control over financial reporting. The Company's independent registered public accounting firm, Ernst & Young LLP, is responsible for (i) performing an audit in accordance with the standards of the Public Company Accounting Oversight Board (United States) to obtain reasonable assurance that the Company's consolidated financial statements are free from material misstatement and for expressing an opinion on the conformity of the financial statements with accounting principles generally accepted in the United States and (ii) performing an audit in accordance with the standards of the Public Company Accounting Oversight Board (United States) to obtain reasonable assurance that management's assessment that the Company maintained effective internal control over financial reporting as of June 30, 2006, is fairly stated, in all material respects and to obtain reasonable assurance that the Company maintained effective internal control over financial reporting as of June 30, 2006, in all material respects. The internal auditor is responsible to the Audit Committee and the Board of Directors for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee and the Board of Directors determine from time to time.

The Audit Committee of the Company hereby reports as follows:

1. The Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended June 30, 2006 with the Company's management, including a discussion of the quality, not just the acceptability, of the Company's accounting principles, the reasonableness of significant estimates and judgments and the clarity of disclosures in the financial statements.
2. The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by Statement of Auditing Standards No. 61, as amended by Statement of Auditing Standards No. 90 (Audit Committee Communications).
3. The Audit Committee has received and reviewed the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), has discussed with Ernst & Young LLP their independence and considered whether the provision of non-audit services is compatible with maintaining Ernst & Young LLP's independence.
4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2006.

Audit Committee of Our Board of Directors

Adam M. Aron, Chairman
William J. Chardavoyne
Thomas M. White

Table of Contents**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The aggregate fees to the Company for each of the last two fiscal years for professional services rendered by the Company's principal accounting firm, Ernst & Young LLP, as of and for the fiscal years ended June 30, 2006 and 2005, respectively, are set forth in the table below. All such fees were approved, or pre-approved as the case may be, by our Audit Committee as discussed under the heading "Pre-Approval Policies and Procedures" below.

	Fiscal Year Ended June 30,	
	2006	2005
Audit Fees(1)	\$ 846,500	\$ 653,500
Audit-Related Fees(2)	24,325	44,000
Tax Fees(3)	333,272	68,750
Total	\$ 1,204,097	\$ 766,250

- (1) Audit Fees represent the aggregate fees incurred for professional services necessary to perform an audit or review in accordance with the standards of the Public Company Accounting Oversight Board, including services rendered for the audit of the Company's annual financial statements (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002) and review of quarterly financial statements. Also includes fees for services that are normally incurred in connection with statutory and regulatory filings or engagements, such as comfort letters, statutory audits, attest services, consents, and review of documents filed with the SEC.
- (2) Audit-related fees represent the aggregate fees incurred for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under Audit Fees.
- (3) Tax fees represent the aggregate fees billed for professional services for tax compliance, tax advice and tax planning.

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PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has a policy that, as of February 7, 2005, requires the pre-approval of audit and non-audit services rendered by the Company's independent registered public accounting firm. Audit Committee pre-approval of audit and non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Audit Committee regarding the Company's engagement of the independent registered public accounting firm, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service provided and such policies and procedures do not include delegation of the Audit Committee's responsibilities under the Exchange Act to the Company's management. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals, provided such approvals are presented to the Audit Committee at a subsequent meeting. If the Audit Committee elects to establish pre-approval policies and procedures regarding non-audit services, the Audit Committee must be informed of each non-audit service provided by the Company's independent registered public accounting firm. Audit Committee pre-approval of non-audit services (other than review and attest services) also is not required if such services fall within available exceptions established by the SEC.

* * *

It is important that your shares be represented at the meeting. If you are unable to be present in person, you are respectfully requested to sign the enclosed proxy and return it in the enclosed stamped and addressed envelope as promptly as possible.

By Order of the Board of Directors,

JON R. BURNEY
Secretary

Dated: October 11, 2006
Downers Grove, Illinois

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THE PROPOSALS

**PROPOSAL 1
ELECTION OF DIRECTORS**

NOMINEES FOR ELECTION

Directors serve one-year terms and are elected annually. The current term of office of all of the Company's directors expires at the Annual Meeting. The Board of Directors proposes that the following nominees, all of whom are currently serving as directors, be re-elected for a new term of one year and until their successors are duly elected and qualified. Each of the nominees has consented to be named and to serve if elected. If any of them becomes unavailable to serve as a director, the Board of Directors may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board of Directors. The following information is supplied about the nominees for election as directors of the Company:

PETER J. NOLAN

Director and Chairman of the Board of Directors since 2004
Age: 48

Mr. Nolan has served as a director of the Company since the consummation of the 2004 Going Private Transaction in February 2004 and was named Chairman in November 2004. Mr. Nolan is a Managing Partner of Leonard Green & Partners, L.P. Mr. Nolan is also a Manager of GEI Capital IV, LLC, an affiliate of Leonard Green & Partners, L.P. Prior to joining Leonard Green & Partners, L.P., Mr. Nolan was a Managing Director and Co-Head of Donaldson, Lufkin & Jenrette's Los Angeles Investment Banking Division, which he joined in 1990. Prior to 1990, Mr. Nolan was a First Vice President in corporate finance at Drexel Burnham Lambert from 1986 to 1990, and a Vice President at Prudential Securities, Inc. from 1982 to 1986. Mr. Nolan presently serves on the Board of Directors of AsianMedia Group LLC, Claim Jumper Restaurants, LLC, Rand McNally & Company, Werner Holding Co., Inc. and Activision, Inc. Mr. Nolan is a Trustee of Cornell University where he received a Bachelor of Science and an M.B.A. from the Johnson Graduate School of Management at Cornell University.

ROBERT S. APATOFF

Director since 2004
Age: 48

Mr. Apatoff has served as a director of the Company since May 2004. Mr. Apatoff has been President and Chief Executive Officer of Rand McNally & Company since July 2003. From 1999 to 2003, he was Senior Vice President and Chief Marketing Officer of Allstate Insurance Company and a member of Allstate's senior management team. Prior to Allstate, Mr. Apatoff held senior marketing positions at Aetna, Anheuser-Busch, L.A. Gear, Inc. and Reebok International, Ltd. Mr. Apatoff presently serves on the Board of Directors of Rand McNally & Company, Intercontinental Art, Inc. and Students in Free Enterprise. In addition, Mr. Apatoff serves on the Board of Trustees of the Goodman Theatre and the Board of Visitors of DePauw University. Mr. Apatoff received a B.A. in Communications from DePauw University.

ADAM M. ARON

Director since 2005

Mr. Aron has served as a director of the Company since April 2005. Mr. Aron has served as Chairman and Chief Executive Officer of World

Age: 52

Leisure Partners since June 2006. From July 1996 through February 2006, Mr. Aron served as Chairman and Chief Executive Officer of Vail Resorts, Inc. Prior to joining Vail Resorts, Mr. Aron was the President and Chief Executive Officer of Norwegian Cruise Lines Ltd. from 1993 to 1996. From 1990 to 1993, he

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held the position of Senior Vice President of Marketing for United Airlines and from 1987 to 1990, he was Senior Vice President of Marketing for Hyatt Hotels Corporation. Mr. Aron is also a Director of Starwood Hotels and Resorts Worldwide, Inc., Marathon Acquisition Corp., where he also serves as the Chairman of the Audit Committee, and Rewards Network, Inc. Mr. Aron also serves on the boards of several non-profit and community organizations. Mr. Aron is a member of the Council on Foreign Relations, Business Executives for National Security, the Travel Business Roundtable. Mr. Aron received a Bachelor of Arts from Harvard College and an M.B.A. from the Harvard Business School.

JOHN M. BAUMER
Director since 2004
Age: 39

Mr. Baumer has served as a director of the Company since the consummation of the 2004 Going Private Transaction in February 2004. Mr. Baumer has been a partner of Leonard Green & Partners, L.P. since January 2001. Prior to becoming a partner, Mr. Baumer had been a Vice President at Leonard Green & Partners, L.P. since May 1999. Mr. Baumer is a member of GEI Capital IV, LLC, an affiliate of Leonard Green & Partners, L.P. Prior to joining Leonard Green & Partners, L.P., Mr. Baumer was a vice president in the corporate finance division of Donaldson, Lufkin & Jenrette in Los Angeles since 1995. Mr. Baumer presently serves on the Board of Directors of Intercontinental Art, Inc., Leslie's Poolmart, Inc., VCA Antech, Inc. and Rand McNally & Company. Mr. Baumer received a Bachelor of Business Administration from the University of Notre Dame and an M.B.A. from the Wharton School at the University of Pennsylvania.

WILLIAM J. CHARDAVOYNE
Director since 2006
Age: 54

Mr. Chardavoyne has served as a director of the Company since July 2006. Mr. Chardavoyne has over 30 years of finance and management experience. From 2000 to 2006, Mr. Chardavoyne held the position of Chief Financial Officer for Santa Monica-based Activision, Inc., an international publisher of interactive entertainment software products. Prior to this, Mr. Chardavoyne was Chief Financial Officer for Movietown.com and held several senior management positions in operations and finance at Columbia Tri Star Home Video, a subsidiary of Sony Pictures Entertainment. In addition, Mr. Chardavoyne presently serves on the Board of Directors and the Audit Committee of AVP, Inc. Mr. Chardavoyne received a BBA in accounting from Hofstra University and is a Certified Public Accountant.

TIMOTHY J. FLYNN
Director since 2004
Age: 34

Mr. Flynn has served as a director since the consummation of the 2004 Going Private Transaction in February 2004. Mr. Flynn has been a partner of Leonard Green & Partners, L.P. since January 2005. Prior to becoming a partner, Mr. Flynn had been a Vice President of Leonard Green & Partners, L.P. from March 2003. Prior to joining Leonard Green & Partners, L.P., Mr. Flynn was a Director in the Investment Banking Division of Credit Suisse First Boston in Los Angeles, which he joined in 2000 following Credit Suisse First Boston's acquisition of Donaldson, Lufkin & Jenrette. Prior to the acquisition, Mr. Flynn worked in the Investment Banking Division of Donaldson, Lufkin & Jenrette from 1996.

From 1994 to 1996, Mr. Flynn worked in the Mergers and Acquisitions group at Paine

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Webber Incorporated. Mr. Flynn also serves on the Board of Directors of Claim Jumper Restaurants, LLC and Sagittarius Brands, Inc. Mr. Flynn earned a dual Bachelor of Arts degree in Economics and Political Science from Brown University.

TED C. NARK
Director since 2005
Age: 48

Mr. Nark has served as a director since February 2005. Since July 2006, Mr. Nark has served as an Operating Partner of Leonard Green & Partners, L.P. Previously, Mr. Nark served as the Chief Executive Officer of White Cap Industries, Inc., a former Leonard Green & Partners, L.P. portfolio company, since April 2002. From 1998 until 2002, Mr. Nark was the Chief Executive Officer and Managing Director of Corporate Express Australia, a publicly traded, business-to-business office products distribution company in Australia. From 1992 until 1998, Mr. Nark worked for Corporate Express, Inc., as Northwest Division President (from 1992 until 1995) and then as Group President (from 1995 until 1998). Mr. Nark also serves on the Board of Directors of Gaiam, Inc. and Leslie's Poolmart, Inc. Mr. Nark received a Bachelor of Business Administration from Washington State University.

MICHAEL J. SOENEN
Director since 2004
Age: 36

Mr. Soenen has served as the President and Chief Executive Officer and a director of FTD, and has served as a director and Chief Executive Officer of the Company, since May 2004, and was appointed President of the Company in November 2004. Previously, Mr. Soenen served as the President and Chief Operating Officer of FTD and FTDI from October 2002 to February 2004 and a director of FTD from November 2002 to February 2004. From May 1999 until October 2002, Mr. Soenen served as the President and Chief Executive officer of FTD.COM. From January 1997 through May 1999, he served as Vice President-Marketing of FTD and Director of Sales Promotion for FTD. Mr. Soenen was an associate at Perry Corp. from August 1996 to December 1996. From July 1993 to July 1996, Mr. Soenen worked for Salomon Brothers Inc., an investment banking firm. Mr. Soenen received a Bachelor of Arts from Kalamazoo College in 1992.

THOMAS M. WHITE
Director since 2006
Age: 49

Mr. White has served as a director since January, 2006. Mr. White is the Senior Vice President, Chief Financial Officer and Treasurer of Hub Group, Inc. (NASDAQ: HUBG). Prior to joining the Hub Group in 2002, Mr. White was a partner with Arthur Andersen LLP, which he joined in 1979. Mr. White received a Master's degree in Business Administration from Purdue University in 1985 and a Bachelor of Business Administration degree in Accountancy from Western Michigan University in 1979. Mr. White is a Certified Public Accountant and serves on the Board of Directors of Landauer, Inc. as the Audit Committee Chairman and a member of the Compensation Committee.

CARRIE A. WOLFE
Director since 2006
Age: 36

Ms. Wolfe has served as a director since June 2006. Ms. Wolfe previously served as the Company's Principal Accounting Officer from July 2006 through September 2006, as the Company's Chief Financial Officer from August 2004 to July 2006 and as FTD's Chief Financial Officer and

Treasurer between March 2002 to April 2004. Ms. Wolfe also served as Chief Financial Officer of FTD from November 2004 through July 2006. From November 1999 to

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March 2002, Ms. Wolfe served in various positions with FTD.COM, including Chief Financial Officer, Vice President-Finance and Accounting and Controller. Prior to joining FTD in November 1999, she was Director of Finance and Director of Financial Reporting, as well as serving in various other capacities, at Whitman Corporation, from October 1995 to November 1999. From June 1992 to September 1995, Ms. Wolfe worked in the auditing group at Price Waterhouse (now PricewaterhouseCoopers LLP), an independent public accounting firm. Ms. Wolfe received a Bachelor of Science degree in Accounting from the University of Illinois in 1992 and is a Certified Public Accountant.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE COMPANY S STOCKHOLDERS
VOTE FOR THE ELECTION TO THE BOARD OF DIRECTORS OF EACH OF THE
FOREGOING PERSONS.**

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PROPOSAL 2

**RATIFICATION OF APPOINTMENT OF CERTIFIED INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2007, subject to ratification by the Company's stockholders. The Company expects that representatives of Ernst & Young LLP will be present at the Annual Meeting. They will have an opportunity to make a statement at the meeting if they so desire and will be available to respond to appropriate questions raised orally by stockholders. The Board of Directors has put this proposal before the stockholders because the Board believes that seeking stockholder ratification of the selection of the Company's independent registered public accounting firm is good corporate practice. If the appointment of Ernst & Young LLP is not ratified, the Audit Committee will evaluate the basis for the stockholders' vote in determining whether to continue Ernst & Young LLP's engagement.

**THE BOARD RECOMMENDS A VOTE FOR THE RATIFICATION OF
ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2007.**

DESIGNATION (IF ANY)

ADD 1

ADD 2

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ADD 3

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ADD 6

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The Board of Directors recommends a vote FOR the listed nominees.

1. Election of ten directors

	For	Withhold		For	Withhold		For	Withhold
01 Peter J. Nolan	<input type="radio"/>	<input type="radio"/>	05 William J. Chardavoyne	<input type="radio"/>	<input type="radio"/>	09 Thomas M. White	<input type="radio"/>	<input type="radio"/>
02 Robert S. Apatoff	<input type="radio"/>	<input type="radio"/>	06 Timothy J. Flynn	<input type="radio"/>	<input type="radio"/>	10 Carrie A. Wolfe	<input type="radio"/>	<input type="radio"/>
03 Adam M. Aron	<input type="radio"/>	<input type="radio"/>	07 Ted C. Nark	<input type="radio"/>	<input type="radio"/>			
04 John M. Baumer	<input type="radio"/>	<input type="radio"/>	08 Michael J. Soenen	<input type="radio"/>	<input type="radio"/>			

B. Issues

The Board of Directors recommends a vote FOR the following proposal.

	For	Against	Abstain	<u>HOUSEHOLDING ELECTION</u>	Yes	No
2. The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2007.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Please indicate if you consent to receive certain future investor communications in a single package per household.	<input type="radio"/>	<input type="radio"/>
3. In their discretion, the proxies are authorized to vote for the election of such substitute nominee(s) for directors as such proxies may select in the event any nominee(s) named in this proxy become unable to serve, and upon any other business which may properly come before the 2006 Annual Meeting or any continuations, adjournments or postponements thereof.				If you plan to attend the Annual Meeting please mark the notification box to the right.	<input type="radio"/>	

C. Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed. Please sign exactly as name or names appear on this proxy. When signing as attorney, executor, administrator, trustee, custodian, guardian or corporate officer, give full title. If more than one trustee, all should sign. Joint owners must each sign. If the signer is a corporation, please sign full corporate name by a duly authorized officer, giving title as such. If signer is a partnership, please sign in partnership name by an authorized person.

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Signature 1 - Please keep signature
within the box

Signature 2 - Please keep signature
within the box

Date (mm/dd/yyyy)

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