

**For Immediate Release:**

**MAVERICK CAPITAL AND PRENTICE CAPITAL AGREE TO PURCHASE  
\$50 MILLION STAKE IN BLUEFLY**

NEW YORK – June 5, 2006 – Bluefly, Inc. (NASDAQ SmallCap: BFLY), a leading online retailer of designer brands, fashion trends and superior value ([www.bluefly.com](http://www.bluefly.com)), today announced that private funds associated with Maverick Capital, Ltd. and an entity affiliated with Prentice Capital Management, LP reached a definitive agreement to purchase \$50 million of newly issued common stock from the Company.

In connection with the transaction, private funds associated with Soros Fund Management LLC, collectively Bluefly's largest stockholder, agreed to convert all of their preferred stock into common stock. \$25 million of the proceeds will be retained by Bluefly to grow its business and fund working capital. The balance of \$25 million will be used to repay debt to the Soros funds, as well as to pay accrued dividends on the preferred stock being converted in connection with the transaction.

"Bluefly is now in an outstanding position to expand its growth," said Melissa Payner, Bluefly's Chief Executive Officer. "We believe this new capital will enable us to increase our marketing results without the need to raise additional capital prior to achieving profitability. The investment will provide Bluefly with a far simpler capital structure with conversion of nearly all of the preferred stock. We also have significantly strengthened our investor base with the addition of Maverick Capital and Prentice Capital."

"We are extremely excited about our investment in Bluefly," said Brian Zied of Maverick Capital. "Bluefly has generated a record of strong operating performance to date, and this transaction will provide the Company capital to accelerate its growth and progress toward profitability."

"Bluefly has a unique e-commerce business with powerful economics, significant customer traction and strong management," said Michael Gross of Prentice Capital. "Together with the other strategic investors, we believe this transaction will help the company build upon its solid foundation and take advantage of the exciting opportunities in front of it."

Under the terms of the deal, the Company agreed to sell \$50 million of newly issued common stock at a price of \$0.82 per share, representing a 11% premium over today's closing price. The closing is subject to certain customary conditions and is expected to occur prior to the end of the month. Following the closing, the Soros funds will collectively own approximately 39% of the Company's outstanding common stock, while Maverick and Prentice will each own approximately 24% and will each have a representative on the board.

This press release does not constitute an offer of any securities for sale. The shares of common stock to be issued to entities affiliated with Maverick Capital and Prentice Capital will not be registered under the Securities Act and may not be offered or sold absent registration under the Securities Act or an applicable exemption therefrom.

### **About Bluefly, Inc.**

Founded in 1998, Bluefly, Inc. (NASDAQ SmallCap: BFLY) is a leading online retailer of designer brands, fashion trends and superior value. Bluefly is headquartered at 42 West 39<sup>th</sup> Street in New York City, in the heart of the Fashion District. For more information, please call 212-944-8000 or visit [www.bluefly.com](http://www.bluefly.com).

### **About Maverick Capital**

Maverick Capital, Ltd. was founded in 1993 and has been registered with the Securities and Exchange Commission as an Investment Adviser since 1994. Maverick is the investment manager of client accounts, including those of certain hedge funds organized to invest in securities, and had total managed assets of \$10 billion as of April 1, 2006. Maverick's goal is to preserve and grow its investors' capital.

### **About Prentice Capital**

Prentice Capital Management, LP is a private investment limited partnership whose principal business is to serve as investment manager to a variety of private investment funds and to control the investing and trading in securities of these private investment funds. Michael Zimmerman is the managing member of the general partner of Prentice Capital Management.

*This press release may include statements that constitute "forward-looking statements," usually containing the words "believe," "project," "expect" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in reports filed by the company with the Securities and Exchange Commission, including Forms 8-K, 10-Q and 10-K. These risks and uncertainties include, but are not limited to, the company's ability to execute on, and gain additional revenue from, its consumer public relations and other marketing initiatives; the company's history of losses and anticipated future losses; shortfalls in our business plan resulting in the need for additional capital sooner than anticipated and the potential inability to raise such capital; the potential failure to forecast revenues and/or to make adjustments to operating plans necessary as a result of any failure to forecast accurately; unexpected changes in fashion trends; cyclical variations in the apparel and e-commerce market; the availability of merchandise; the need to further establish brand name recognition; management of potential growth; and risks associated with our ability to handle increased traffic and/or continued improvements to its Web site.*

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