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BLUEFLY INC
Form SC 13D/A
July 25, 2008

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 3)*

BLUEFLY, INC.

(Name of Issuer)

Common Stock, \$0.01 par value per share

(Title of Class of Securities)

096227103

(CUSIP Number)

Maverick Capital, Ltd.
Attention: General Counsel
300 Crescent Court, 18th Floor
Dallas, Texas 75201
(214) 880-4000

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

July 23, 2008

(Date of Event Which Requires Filing of this Amendment)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

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SCHEDULE 13D

 CUSIP No. 096227103

 Page 2 of 8 Pages

 1 NAME OF REPORTING PERSONS
 Maverick Capital, Ltd.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
 75-2482446

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See
 Instructions)

(a) []
 (b) [x]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
 PURSUANT TO ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Texas

	7	SOLE VOTING POWER
		3,368,372*

NUMBER OF	8	SHARED VOTING POWER
SHARES		
BENEFICIALLY		0
OWNED BY	-----	
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		
PERSON		3,368,372*
WITH	-----	
	10	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,368,372*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
 SHARES (See Instructions) []

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 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 24.8%

14 TYPE OF REPORTING PERSON (See Instructions)
 IA

*Includes notes convertible to up to 309,946 shares of Common Stock, par value \$0.01 per share.

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1 NAME OF REPORTING PERSONS
 Maverick Capital Management, LLC
 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
 75-2686461

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
 (a) []
 (b) [x]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
 00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
 Texas

		7		SOLE VOTING POWER
				3,368,372*

NUMBER OF		8		SHARED VOTING POWER
SHARES				
BENEFICIALLY				0
OWNED BY	-----			
EACH		9		SOLE DISPOSITIVE POWER
REPORTING				

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PERSON WITH			3,368,372*
		10	SHARED DISPOSITIVE POWER
			0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
3,368,372*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
24.8%

14 TYPE OF REPORTING PERSON (See Instructions)
HC

*Includes notes convertible to up to 309,946 shares of Common Stock, par value \$0.01 per share.

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1 NAME OF REPORTING PERSONS
Lee S. Ainslie III
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [x]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

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United States

	7	SOLE VOTING POWER
		3,368,372*
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER
		0
	9	SOLE DISPOSITIVE POWER
		3,368,372*
	10	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,368,372*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

24.8%

14 TYPE OF REPORTING PERSON (See Instructions)

IN

*Includes notes convertible to up to 309,946 shares of Common Stock, par value \$0.01 per share.

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Item 1. Security and Issuer.

This Amendment No. 3 amends the Amendment No. 2 filed on April 8, 2008, which amends the Amendment No. 1 filed on March 28, 2008, which amended the Schedule 13D filed on June 15, 2006 (this "Amendment") and relates to the Common Stock, par value \$0.01 per share (the "Shares"), of Bluefly, Inc. (the "Issuer"), a Delaware corporation with its principal executive offices located at 42 West 39th Street, 9th Floor, New York, New York 10018.

Item 2. Identity and Background.

(a) This Amendment is being filed on behalf of each of the following persons (collectively, the "Reporting Persons"):

(i) Maverick Capital, Ltd. ("Maverick Capital"),

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- a limited partnership organized under the laws of Texas;
- (ii) Maverick Capital Management, LLC ("Maverick"), a limited liability company organized under the laws of Texas; and
- (iii) Lee S. Ainslie III ("Mr. Ainslie"), a natural person.

(b) - (c) The Reporting Persons

Maverick Capital is a registered investment adviser under the Investment Advisers Act of 1940, as amended, that acts as investment manager of portfolio funds which hold Shares of the Issuer, as more particularly described in Item 6 below. Maverick Capital has its principal offices at 300 Crescent Court, 18th Floor, Dallas, Texas 75201.

Maverick's principal business purpose is to serve as general partner of Maverick Capital. Maverick has its principal offices at 300 Crescent Court, 18th Floor, Dallas, Texas 75201.

Mr. Ainslie is the manager of Maverick who is granted sole investment discretion pursuant to Maverick's limited liability company regulations. Mr. Ainslie has his principal office at 767 Fifth Avenue, 11th Floor, New York, New York 10153.

(d) - (e) During the past five years, to the best of the Reporting Persons' knowledge, none of the Reporting Persons have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws on finding any violation with respect to such laws.

(f) Mr. Ainslie is a citizen of the United States.

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Item 3. Source and Amount of Funds or Other Considerations.

Each of the Portfolio Funds will use its own working capital to fund its portion of the purchase price for Shares acquired pursuant to the Notes (as defined below).

Item 4. Purpose of Transaction.

The Notes (as defined below) acquired by the Reporting Persons have been acquired for the purpose of making an investment in the Issuer and not with the present intention of acquiring control of the Issuer's business.

The Reporting Persons reserve the right to acquire, or cause to be acquired, additional securities of the Issuer, to dispose of, or cause to be disposed, such securities at any time or to formulate other purposes, plans or proposals regarding the Issuer or any of its securities, to the extent deemed advisable in light of general investment and trading policies of the Reporting Persons,

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market conditions or other factors.

Item 5. Interest in Securities of the Issuer.

(a) - (b) According to the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2008, the number of shares outstanding was 13,276,998 as of May 1, 2008. The Reporting Persons may be deemed directly or indirectly, including by reason of their mutual affiliation, to be the beneficial owners of 3,368,372 Shares. Such Shares constitute approximately 24.8% of the issued and outstanding Shares.

Maverick is the general partner of Maverick Capital, and pursuant to the terms of Maverick's limited liability company regulations, Mr. Ainslie was appointed as manager of Maverick with sole investment discretion. As a result, Mr. Ainslie, directly and indirectly through Maverick Capital and Maverick, has the sole power to direct the vote and to direct the disposition of the 3,368,372 Shares.

(c) Except as disclosed in Item 3, none of the Reporting Persons has effected any transaction in the Shares during the past sixty days.

(d) To the best knowledge of the Reporting Persons, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares beneficially owned by the Reporting Persons.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

On March 26, 2008, Maverick Capital, pursuant to the respective investment management agreements with Maverick Fund USA, Ltd. ("Fund USA"), Maverick Fund, L.D.C. ("Fund LDC") and Maverick Fund II, Ltd. ("Fund II" and together with Fund USA and Fund LDC, the "Portfolio Funds"), and on behalf of the Portfolio Funds entered into a Standby Commitment Agreement in relation to three million dollars (\$3,000,000) of debt financing (the "Commitment Amount"), by and among the Issuer, the Portfolio Funds and certain other investors (the "Commitment Agreement", a copy of which is incorporated by reference as Exhibit F and is incorporated herein by reference in response to this Item 6).

On July 23, 2008, the Issuer borrowed the full Commitment Amount pursuant to the Note Purchase Agreement dated July 23, 2008 (the "Note Purchase Agreement", a copy of which is incorporated by reference as Exhibit B and is incorporated herein by reference in response to this Item 6), pursuant to which the Portfolio Funds acquired Convertible Promissory Notes (the "Notes", copies of which are incorporated by reference as Exhibits C, D and E and are incorporated herein by reference in response to this Item 6) granting to the Portfolio Funds the right to convert the Notes into (i) a number of Shares equal to the quotient obtained by dividing the aggregate amount of the principal amount of such Notes to be converted by \$3.65 or (ii) equity securities sold by the Issuer in subsequent rounds of financing for cash at a conversion price based on the lowest price per share paid by any investor in such subsequent round of financing.

Item 7. Materials to be Filed as Exhibits.

The information set forth in the Exhibit Index is incorporated herein by reference.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this Amendment is true, complete and correct.

Dated: July 25, 2008

MAVERICK CAPITAL, LTD.

By: Maverick Capital Management, LLC,
its General Partner

By: Lee S. Ainslie III, Manager

By: /s/ John T. McCafferty

John T. McCafferty
Under Power of Attorney dated
February 13, 2003

MAVERICK CAPITAL MANAGEMENT, LLC

By: Lee S. Ainslie III, Manager

By: /s/ John T. McCafferty

John T. McCafferty
Under Power of Attorney dated
February 13, 2003

LEE S. AINSLIE III

By: /s/ John T. McCafferty

John T. McCafferty
Under Power of Attorney dated
February 13, 2003

EXHIBIT INDEX

- A. Power of Attorney, dated as of February 13, 2003, granted by Mr. Ainslie in favor of John T. McCafferty.(1)
- B. Note Purchase Agreement, dated as of July 23, 2008, entered into by and among Bluefly, Inc., Quantum Industrial Partners LDC, SFM Domestic Investments

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LLC, Maverick Fund USA, Ltd., Maverick Fund, L.D.C., and Maverick Fund II, Ltd.

C. Convertible Promissory Note, dated July 23, 2008, issued to Maverick Fund USA, Ltd.

D. Convertible Promissory Note, dated July 23, 2008, issued to Maverick Fund, L.D.C.

E. Convertible Promissory Note, dated July 23, 2008, issued to Maverick Fund II, Ltd.

F. Standby Commitment Agreement, dated as of March 26, 2008, by and among Bluefly, Inc., Quantum Industrial Partners LDC, SFM Domestic Investments LLC, Maverick Fund USA, Ltd., Maverick Fund, L.D.C., and Maverick Fund II, Ltd. (2)

(1) Incorporated by reference to Maverick Capital's Schedule 13G filed with SEC on February 14, 2003.

(2) Incorporated by reference to Maverick Capital's Schedule 13D/A filed with the SEC on March 28, 2008.