

BLUEFLY INC  
Form 4  
November 15, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
PAYNER MELISSA

(Last) (First) (Middle)  
C/O BLUEFLY, INC., 42 WEST  
39TH STREET, 9TH FLOOR  
(Street)

NEW YORK, NY 10018

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
BLUEFLY INC [BFLY]

3. Date of Earliest Transaction  
(Month/Day/Year)  
11/13/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	11/13/2006		A		591,256 (1)	A	(2) 591,256
						D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Deferred Stock Units	\$ 0	11/13/2006		A	126,904	(3)	(3)	Common Stock	126,904
Deferred Stock Units	\$ 0	11/13/2006		A	4,201,832 (5)	(6)	(6)	Common Stock	4,201,832
Options	\$ 1.56	11/13/2006		D	1,300,000	(7)	(7)	Common Stock	1,300,000
Options	\$ 2.08	11/13/2006		D	500,000	(7)	(7)	Common Stock	500,000
Options	\$ 2.49	11/13/2006		D	100,000	(7)	(7)	Common Stock	100,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PAYNER MELISSA C/O BLUEFLY, INC. 42 WEST 39TH STREET, 9TH FLOOR NEW YORK, NY 10018	X		Chief Executive Officer	

## Signatures

/s/ Melissa  
Payner-Gregor 11/15/2006  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents 591,256 shares of restricted stock, which vest in full on January 1, 2007.
- (2) Restricted stock granted to the reporting person in exchange for the reporting person forfeiting her right to certain fully vested options that would have been exercisable to purchase an aggregate of 1,665,220 shares of common stock.
- (3) The deferred stock units vest in eight equal quarterly installments commencing on October 1, 2006. There is no expiration date.
- (4) Deferred stock units granted to the reporting person in exchange for the reporting person forfeiting her right to certain unvested options that would have been exercisable to purchase an aggregate of 234,780 shares of common stock.

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- (5) The grant of the deferred stock units is subject to shareholder approval of certain amendments to the Company's 2005 Stock Incentive Plan.

The deferred stock units vest as follows: (i) one-third vest in four equal quarterly installments commencing on October 1, 2006, (ii)

- (6) one-third vest in eight equal quarterly installments commencing on October 1, 2006 and (iii) one-third vest in twelve equal quarterly installments commencing on October 1, 2006. There is no expiration date.

- (7) Disposed of pursuant to the reporting person's forfeiture of options as described in footnotes 2 and 4.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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