

March 20, 2017

e-mail: gberman@dsi.biz

TO THE CREDITORS AND SHAREHOLDERS OF:

BF 2017, Inc. f/k/a BLUEFLY, INC. and
BF Holdings 2017, Inc. f/k/a BLUEFLY Holdings, Inc.
Delaware corporations
42 W. 39th Street
New York, NY

Re: **INTERIM REPORT ON GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

Dear Sir and/or Madam:

As you may recall from the previous Notices of Assignment sent to all creditors on February 2, 2016 and February 24, 2017, BF 2017, Inc. and BF Holdings 2017, Inc. ("BF")¹ executed a general assignment for the benefit of creditors (the "Assignment") in favor of DSI Assignments, LLC. (the "Assignee") in accordance with the applicable provisions of Delaware Law governing General Assignments for the Benefit of Creditors. The Petition commencing the Assignment was filed with the Court of Chancery on January 20, 2017. If you did not receive or misplaced the original Notice of Assignment, it can be accessed by going to www.dsiassignments.com and clicking on the [Bluefly, Inc. link](#). The Trust Agreement for the Assignment and the Court Filings are posted on that site for your review.

Pursuant to the February 24, 2017 Notice, the Court scheduled a hearing on the Assignee's motion to sell substantially all of BF's assets to Bluefly Acquisitions, LLC. Total Fashion, Inc., the secured lender, consented to the proposed sale. No objections were filed and no creditors appeared at the court hearing to object to the sale. The Court approved that motion during the March 6, 2017 hearing and the sale closed the next day, March 7, 2017. The sale was for a total of approximately \$19,000,000, with about \$7,144,000 in cash and a note in excess of \$12,000,000. The Sale Notice and other documents related to the sale process are also available for your review at www.dsiassignments.com.

While the sale was for substantially all of the assets of BF, the Assignee will review the information and records that exist to determine if any further assets can be marshaled and monetized. The Assignee will also turn its attention in this matter to the claims of creditors. Creditors are reminded that the bar date for filing claims in this matter is **April 30, 2017**. Creditors who fail to file their proofs of claim by that date may not be entitled to share in any distribution under the Assignment for the Benefit of Creditors. A copy of the Proof of Claim is attached herewith for you to file your claim, if you have not done so previously.

¹ The names of the Assignors (Bluefly, Inc. and Bluefly Holdings, Inc. respectively) were changed per the Chancery Court approved sale of the Bluefly assets.

CHICAGO

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BF 2017, Inc. f/k/a BLUEFLY, INC. and
BF Holdings 2017, Inc. f/k/a BLUEFLY Holdings, Inc.
March 20, 2017
Page 2

Attached herewith, please find a schedule of assets and liabilities of BF. As you will see, BF had amassed a large amount of secured debt, which the sale of the assets could not pay in full, thus at this time it does not appear that there will be any distribution of the sale proceeds to general unsecured creditors in this matter.

If you have any questions regarding this matter, please do not hesitate to contact John Wheeler (jwheeler@dsi.biz) by email or telephone at (312) 263-4141.

Very truly yours,

DSI Assignments, LLC, solely in its capacity as Assignee
for the Benefit of Creditors of BF 2017, Inc. and BF Holdings 2017, Inc.
Delaware Corporations



By

Geoffrey L. Berman
Development Specialists, Inc.,
the sole and managing member

Enclosure (Statement of Condition)

Bluefly, Inc.
Schedule of Assets and Liabilities - Non- GAAP Presentation
2016
(000's)

*** CONFIDENTIAL - Internal Use Only ***
Subject to Year End Audit Adjustments

Fiscal Period:

December, 2016

ASSETS

Current assets

Cash	\$	54
Accounts receivable		1,748
Inventory		10
Other current assets		132
Total Current Assets		<u>1,944</u>

Property and equipment, net		3,196
Other assets		<u>2,557</u>

Total Assets	\$	<u><u>7,697</u></u>
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LIABILITIES AND EQUITY

Current liabilities

Accounts payable	\$	4,690
Accrued expenses		1,980
Deferred revenue		444
Customer Credits		1,624
Returns reserve		135
Total Current Liabilities		<u>8,873</u>

Short term debt - Revolver		3,406
Transaction fee accruals		3,410
Subordinated debt		15,606
Deferred rent		<u>152</u>

Total Liabilities		<u>31,447</u>
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Retained earnings		(61,860)
Contributed Equity		<u>38,110</u>

Total Equity		<u>(23,750)</u>
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Total Liabilities and Equity	\$	<u><u>7,697</u></u>
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PROOF OF CLAIM

In the Matter of:

Chancery Court for the State of Delaware

**BLUEFLY, INC. SNAD BLUEFLY HOLDINGS, INC.,
DELAWARE CORPORATIONS
42 W. 39TH STREET
NEW YOR, NY**

The undersigned creditor of Bluefly, Inc. and Bluefly Holdings, Inc. hereby submits its claim in the general assignment estate created upon filing of the petition and Trust Agreements with the Chancery Court for the State of Delaware favor of DSI Assignments, LLC, as of January 20, 2017, in the amount as set forth below, and substantiated by the attached invoices or statement of account.

Date Submitted: _____

Amount of Claim: _____

Name of Creditor: _____

By: _____
Title

Address: _____

City, State & Zip: _____

() _____ () _____
Telephone Facsimile

E-mail address: _____

***NOTE:** Interest is applicable only to the date of the assignment and then only in the event a written agreement exists between you and the debtor providing for the payment of interest.*

*Return completed form to Development Specialists, Inc.
70 West Madison Street, Suite 2300
Chicago, IL 60602
(312) 263-4141*

Note: If faxing or e-mailing the proof of claim, the original must be received by the Assignee by May 5, 2017