BLUE NILE INC

Form 4

November 08, 2010

FORM 4

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

OMB 3235-0287

Estimated average

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Number: 3235-0287 Expires: January 31, 2005

0.5

OMB APPROVAL

Section 16.
Form 4 or
Form 5
obligations
may continue.

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

burden hours per response...

See Instruction

1(b).

(Print or Type Responses)

2. Issuer Name and Ticker or Trading Symbol BLUE NILE INC [NILE]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
3. Date of Earliest Transaction			
(Month/Day/Year)	X Director 10% Owner		
11/04/2010	X Officer (give title Other (specify below) Executive Chairman		
4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting		
	Symbol BLUE NILE INC [NILE] 3. Date of Earliest Transaction (Month/Day/Year) 11/04/2010 4. If Amendment, Date Original		

(City)	(State)	(Zip) Tab	le I - Non-	Derivative S	ecurit	ies Acqui	red, Disposed of,	or Beneficial	ly 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. Securitie omr Dispose (Instr. 3, 4	d of (D))	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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	11/04/2010		Code V M	Amount 40,866	(D)	Price \$ 8.75	400,799	D	
Common Stock	11/04/2010		S <u>(1)</u>	40,866	D	\$ 45.08 (2)	359,933	D	
Common Stock	11/04/2010		S <u>(1)</u>	9,134	D	\$ 45.17 (3)	350,799	D	
Common Stock	11/05/2010		S <u>(1)</u>	240,866	D	\$ 48.65 (4)	109,933	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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

1. Title of Derivative Security (Instr. 3)	vative Conversion (Month/Day/Year) E rity or Exercise an		3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. Number of orDerivative 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
Stock Options (Right to Buy)	\$ 8.75	11/04/2010		M	40,866	<u>(5)</u>	10/09/2013	Common Stock	40,866

Reporting Owners

Reporting Owner Name / Address	Relationships						
200p02011.g 0 11.001 11.0010 12.0010	Director	10% Owner	Officer	Other			
VADON MARK C C/O BLUE NILE, INC.	X		Executive Chairman				
705 FIFTH AVENUE S, STE 900 SEATTLE, WA 98104	Λ						

Signatures

/s/ Lauren Neiswender, Power of Attorney 11/08/2010

**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) This sale was affected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person.
- (2) Represents the weighted average sale price. The highest price at which shares were sold was \$45.50 and the lowest price at which shares were sold was \$45.00.
- (3) Represents the weighted average sale price. The highest price at which shares were sold was \$45.475 and the lowest price at which shares were sold was \$45.00.

Reporting Owners 2

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- (4) Represents the weighted average sale price. The highest price at which shares were sold was \$50.07 and the lowest price at which shares were sold was \$47.00.
- (5) 25% of the option shares vest on August 26, 2004 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (6) Not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.