BLUE NILE INC Form 4

February 17, 2011

FORM 4

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

Check this box

if no longer subject to Section 16.

Form 4 or Form 5 obligations may continue. See Instruction

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

SECURITIES

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading **BELL SUSAN S** Issuer Symbol BLUE NILE INC [NILE] (Check all applicable) (First) (Middle) (Last) 3. Date of Earliest Transaction (Month/Day/Year) Director 10% Owner X_ Officer (give title _ Other (specify C/O BLUE NILE, INC., 705 FIFTH 02/15/2011 below) below) **AVENUE S, STE 900** Senior VP (Street) 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 SEATTLE, WA 98104 Person

(City)	(State)	(Zip) Tabl	e I - Non-D	erivative	Secur	rities Acq	uired, Disposed o	f, 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)	Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)		
Common Stock	02/15/2011		M	6,000	A	\$ 21.22	6,344	D	
Common Stock	02/15/2011		S	6,000	D	\$ 56.37 (1)	344	D	
Common Stock	02/15/2011		M	5,000	A	\$ 30	5,344	D	
Common Stock	02/15/2011		S	5,000	D	\$ 56.7 (2)	344	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)

> 8. I De Sec (In

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)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. Number conf 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
Stock Options (Right to Buy)	\$ 21.22	02/15/2011	02/15/2011	M	6,000	(3)	02/22/2019	Common Stock	6,000
Stock Options (Right to Buy)	\$ 30	02/15/2011	02/15/2011	M	5,000	<u>(5)</u>	07/26/2014	Common Stock	5,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

BELL SUSAN S C/O BLUE NILE, INC. 705 FIFTH AVENUE S, STE 900 SEATTLE, WA 98104

Senior VP

Signatures

/s/ Lauren Neiswender, Power of Attorney

02/17/2011

**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)

Reporting Owners 2

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Represents the weighted average sale price. The highest price at which shares were sold was \$56.67 and the lowest price at which shares were sold was \$56.25.

- (2) Represents the weighted average sale price. The highest price at which shares were sold was \$56.88 and the lowest price at which shares were sold was \$56.37.
- (3) 25% of the option shares vest on February 23, 2010 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (4) Not applicable.
- (5) 25% of the option shares vest on August 26, 2005 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.

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.