

BLUE NILE INC  
Form 4  
December 23, 2011

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2015  
Estimated average burden hours per response... 0.5

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 \*  
IRVINE DIANE M

(Last) (First) (Middle)

C/O BLUE NILE, INC., 411 FIRST AVENUE S, STE 700

(Street)

SEATTLE, WA 98104

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
BLUE NILE INC [NILE]

3. Date of Earliest Transaction (Month/Day/Year)  
12/21/2011

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)  
Former CEO

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                    | 12/21/2011                           |  | M                              |   | 1,268   | A  | \$ 30                             |
|                                 |                                      |  |                                |   |   |  | 49,757                            |
| Common Stock                    | 12/21/2011                           |  | S <sup>(1)</sup>               |   | 1,268   | D  | \$ 38.2654                        |
|                                 |                                      |  |                                |   |   |  | 48,489                            |
| Common Stock                    | 12/22/2011                           |  | M                              |   | 20,032  | A  | \$ 30                             |
|                                 |                                      |  |                                |   |   |  | 68,521                            |
| Common Stock                    | 12/22/2011                           |  | S <sup>(1)</sup>               |   | 20,032  | D  | \$ 38.3598                        |
|                                 |                                      |  |                                |   |   |  | 48,489                            |
|                                 |                                      |  |                                |   |   |  | 1,160                             |
|                                 |                                      |  |                                |   |   | I  | By Son                            |

Common  
Stock

Common Stock 1,160 I By Daughter

Common Stock 1,160 I By Daughter

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) | 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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Options (Right to Buy)               | \$ 30  | 12/21/2011                           |  | M                              | 1,268   | <sup>(4)</sup> 07/26/2014                                | Common Stock  | 1,268                         |
| Stock Options (Right to Buy)               | \$ 30  | 12/22/2011                           |  | M                              | 20,032  | <sup>(4)</sup> 07/26/2014                                | Common Stock  | 20,032                        |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |            |       |
|---|---------------|-----------|------------|-------|
|   | Director      | 10% Owner | Officer    | Other |
| IRVINE DIANE M<br>C/O BLUE NILE, INC.<br>411 FIRST AVENUE S, STE 700<br>SEATTLE, WA 98104 |               |           | Former CEO |       |

## Signatures

/s/ Lauren Neiswender, Power of  
Attorney

12/23/2011

\_\_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) Any short-swing profits will be paid to the company as required by Rule 16(b) of the Securities and Exchange Act of 1934.
- (2) Represents the weighted average sale price. The highest price at which shares were sold was \$38.52 and lowest price at which shares were sold was \$38.00.
- (3) Represents the weighted average sale price. The highest price at which shares were sold was \$38.70 and lowest price at which shares were sold was \$38.00.
- (4) 25% of the option shares vested on August 26, 2005 and one-forty-eighth of the option shares vested in equal monthly installments over the following thirty-six months. As of November 11, 2011, all unvested options were canceled.
- (5) 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.