

BLUE NILE INC

Form 4

December 23, 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
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

OMB APPROVAL

OMB
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(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
____X____ Officer (give title _____ Other (specify
below) below)
Former CEO

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ 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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	12/21/2011		M	1,268	A \$ 30 49,757	D	
Common Stock	12/21/2011		S ⁽¹⁾	1,268	D \$ 38.2654 48,489	D	
Common Stock	12/22/2011		M	20,032	A \$ 30 68,521	D	
Common Stock	12/22/2011		S ⁽¹⁾	20,032	D \$ 38.3598 48,489	D	
					1,160	I	By Son

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Common
Stock

Common Stock	1,160	I	By Daughter
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Common Stock	1,160	I	By Daughter
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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)

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
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title		Amount or Number of Shares
Stock Options (Right to Buy)	\$ 30	12/21/2011		M	1,268	<u>(4)</u>	07/26/2014	Common Stock		1,268
Stock Options (Right to Buy)	\$ 30	12/22/2011		M	20,032	<u>(4)</u>	07/26/2014	Common Stock		20,032

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
IRVINE DIANE M C/O BLUE NILE, INC. 411 FIRST AVENUE S, STE 700 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.

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