

BLUE NILE INC  
Form 4  
February 01, 2012

**FORM 4**

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

OMB APPROVAL

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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)  
**01/27/2012**  
  
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	01/27/2012		M		18,500	A	\$ 31.26
Common Stock	01/27/2012		S <sup>(1)</sup>		18,500	D	\$ 41.06 <u>(2)</u>
Common Stock	01/30/2012		M		730	A	\$ 31.26
Common Stock	01/30/2012		S <sup>(1)</sup>		730	D	\$ 40.25
Common Stock	01/30/2012		M		2,770	A	\$ 32.97

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Common Stock	01/30/2012		S <sup>(1)</sup>	2,770	D	\$ 40.25	48,489	D	
Common Stock							1,160	I	By Son
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.

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(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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Options (Right to Buy)	\$ 31.26	01/27/2012		M	18,500	<sup>(3)</sup> 05/31/2016 <sup>(4)</sup>	Common Stock 18,500
Stock Options (Right to Buy)	\$ 31.26	01/30/2012		M	730	<sup>(3)</sup> 05/31/2016 <sup>(4)</sup>	Common Stock 730
Stock Options (Right to Buy)	\$ 32.97	01/30/2012		M	2,770	<sup>(6)</sup> 08/30/2015 <sup>(4)</sup>	Common Stock 2,770

## 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

01/31/2012

\_\_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 \$41.52 and lowest price at which shares were sold was \$40.75.
- (3) 25% of the option shares vested on June 1, 2007 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.
- (4) Ms. Irvine resigned on November 11, 2011. Her vested and exercisable options will expire on May 11, 2012.
- (5) Not applicable.
- (6) 25% of the option shares vested on August 26, 2006 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.

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.