BLUE NILE INC Form 4 October 06, 2010

FORM 4

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

OMB APPROVAL

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Check this box

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

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 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * IRVINE DIANE M

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

(Last)

(First) (Middle) BLUE NILE INC [NILE] 3. Date of Earliest Transaction

(Check all applicable)

C/O BLUE NILE, INC., 705 FIFTH

(Month/Day/Year)

_X__ Director 10% Owner X_ Officer (give title _ Other (specify below)

AVENUE S, STE 900

10/04/2010

below) **CEO**

(Street)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Applicable Line)

Filed(Month/Day/Year)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

SEATTLE, WA 98104

(City)	(State)	(Zip) Tab	le I - Non-l	Derivative	Secui	rities Acqu	ired, Disposed of	f, or Beneficia	lly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or Code V Amount (D) Price			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	10/04/2010		M(1)	5,000	A	\$ 8.75	39,383	D	
Common Stock	10/04/2010		S <u>(1)</u>	5,000	D	\$ 43.853 (2)	34,383	D	
Common Stock							1,160	I	By Son
Common Stock							1,160	I	By Daughter
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.

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)

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 $\label{thm:convertible} \textbf{Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned} \\ \textit{(e.g., puts, calls, warrants, options, convertible securities)}$

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. 5. Number Transaction Derivative Code Securities (Instr. 8) 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	10/04/2010		M	5,000	(3)	10/09/2013	Common Stock	5,000

Reporting Owners

Reporting Owner Name / Address	Relationships					
· · · · · · · · · · · · · · · · · · ·	Director	10% Owner	Officer	Other		
IRVINE DIANE M						
C/O BLUE NILE, INC.	X		CEO			
705 FIFTH AVENUE S, STE 900	Λ		CEO			
SEATTLE, WA 98104						

Signatures

/s/ Diane M.
Irvine

10/06/2010

**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 \$44.35 and lowest price at which shares were sold was \$43.71.

Reporting Owners 2

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- (3) 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
- (4) 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.