

BLUE NILE INC  
Form 4  
August 13, 2007

**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 \*  
**GASTON DWIGHT**

(Last) (First) (Middle)

**C/O BLUE NILE, INC., 705 FIFTH AVENUE S, STE 900**

(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)  
**08/09/2007**

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)  
**Senior VP**

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	08/09/2007		S		1,300 D \$ 92.89 (1)	0	D
Common Stock	08/09/2007		M		500 A \$ 0.5	500	D
Common Stock	08/09/2007		S		500 D \$ 92.55 (2)	0	D
Common Stock	08/09/2007		M		1,600 A \$ 0.25	1,600	D
	08/09/2007		S		1,600 D	0	D

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Common Stock						\$			
						92.15			
						<u>(3)</u>			
Common Stock	08/09/2007		M	1,600	A	\$ 0.25	1,600		D
Common Stock	08/09/2007		S	1,600	D	\$	0		D
						92.25			
						<u>(4)</u>			

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)	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)	\$ 0.5	08/09/2007	08/09/2007	M	500	<u>(5)</u>	06/26/2009	Common Stock	500
Stock Options (Right to Buy)	\$ 0.25	08/09/2007	08/09/2007	M	1,600	<u>(7)</u>	02/25/2012	Common Stock	1,600
Stock Options (Right to Buy)	\$ 0.25	08/09/2007	08/09/2007	M	1,600	<u>(8)</u>	02/25/2012	Common Stock	1,600

## Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

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Director 10% Owner Officer Other

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

Senior VP

## Signatures

/s/ Mark C. Vadon, Power of  
Attorney

08/13/2007

\_\_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) Represents the weighted average sale price. The highest price at which shares were sold was \$92.97 and the lowest price at which shares were sold was \$92.85.
- (2) Represents the weighted average sale price. The highest price at which shares were sold was \$92.56 and the lowest price at which shares were sold was \$92.54.
- (3) Represents the weighted average sale price. The highest price at which shares were sold was \$92.52 and the lowest price at which shares were sold was \$92.00.
- (4) Represents the weighted average sale price. The highest price at which shares were sold was \$92.85 and the lowest price at which shares were sold was \$91.92.
- (5) 25% of the option shares vest one year after May 17, 1999 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (6) Not applicable.
- (7) 25% of the option shares vest one year after July 15, 2000 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (8) 25% of the option shares vest one year after August 26, 2001 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.