BLUE NILE INC

Form 4

November 07, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

30(h) of the Investment Company Act of 1940

OMB APPROVAL OMB

3235-0287 Number:

January 31, Expires: 2005

Estimated average burden hours per response... 0.5

if no longer subject to Section 16. Form 4 or Form 5

obligations

Check this box

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 may continue.

See Instruction

1(b).

(City)

(State)

(Zip)

(Print or Type Responses)

1. Name and Ad Strober Joann	ldress of Reporting Person na A	2. Issuer Name and Ticker or Trading Symbol BLUE NILE INC [NILE]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)			
(Last)	(First) (Middle)	3. Date of Earliest Transaction (Month/Day/Year) H 11/03/2006	_X_ Director 10% Owner Officer (give title Other (specify			
C/O BLUE NILE, INC., 705 FIFTH AVENUE S, STE 900		1 11/03/2000	below) below)			
	(Street)	4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
		Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting			
SEATTLE, V	WA 98104		Person			

						-	′ - ′		•
1.Title of Security	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if	3. Transaction	4. Securi		cquired (A)	5. Amount of Securities	6. Ownership	7. Nature of Indirect
(Instr. 3)		any	Code	(Instr. 3,	4 and	5)	Beneficially	Form:	Beneficial
		(Month/Day/Year)	(Instr. 8)				Owned	Direct (D)	Ownership
							Following	or Indirect	(Instr. 4)
					(4)		Reported	(I)	
					(A)		Transaction(s)	(Instr. 4)	
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)		
Common Stock	11/03/2006		M	3,000	A	\$ 18.5	6,043	D	
Common Stock	11/03/2006		S	3,000	D	\$ 35.2977	3,043	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of **SEC 1474** information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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. Transactic Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	mof Derivative Expiration Date Securities (Month/Day/Year) Acquired (A) or Disposed of (D) (Instr. 3, 4,		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)	\$ 18.5	11/03/2006	11/03/2006	M	3,000	<u>(1)</u>	04/27/2014	Common Stock	3,000

Reporting Owners

Reporting Owner Name / Address	Relationships					
1 0	Director	10% Owner	Officer	Other		
Strober Joanna A C/O BLUE NILE, INC. 705 FIFTH AVENUE S, STE 900 SEATTLE, WA 98104	X					

Signatures

/s/ Mark C. Vadon, Power of
Attorney 11/07/2006

**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) 40% of the option shares vest in equal monthly installments over twelve months starting April 27, 2004 and 60% of the option shares vest in equal monthly installments over the following thirty-six months.
- (2) 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.

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