BLUE NILE INC Form 4

February 20, 2007

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

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

Check this box

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

(Print or Type Responses)

1(b).

(Last)

1. Name and Address of Reporting Person * **BELL SUSAN S**

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

BLUE NILE INC [NILE]

(Check all applicable) (First) (Middle) 3. Date of Earliest Transaction

(Month/Day/Year)

02/15/2007

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

below) below) Senior VP

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

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

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

Person

SEATTLE, WA 98104

(City)	(State)	(Zip) 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. 4. Securities Acquired (A) Transaction Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or Code V Amount (D) Price			Beneficially Form: Owned Direct (I Following or Indirect Reported (I)	Ownership Form: Direct (D) or Indirect	Beneficial Ownership	
Common Stock	02/15/2007		M	25,000	A	\$ 0.25	32,508	D	
Common Stock	02/15/2007		S	25,000	D	\$ 38.5374 (1)	7,508	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.

Edgar Filing: BLUE NILE INC - Form 4

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 orDerivative 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)	\$ 0.25	02/15/2007	02/15/2007	M	25,000	(2)	10/04/2011	Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Othe			

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

Senior VP

Signatures

/s/ Sue Bell 02/20/2007

**Signature of Date
Reporting Person

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 \$39.03 and the lowest price at which shares were sold was \$38.50.
- (2) 25% of the option shares vest one year after September 17, 2001 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (3) 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.

Reporting Owners 2