BLUE NILE INC Form 4 August 31, 2007

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

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

Estimated average burden hours per response... 0.5

Form 4 or 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 * VADON MARK C			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	(c)		
C/O BLUE NILE, INC., 705 FIFTH AVENUE S, STE 900		05 FIFTH	(Month/Day/Year) 08/29/2007	_X_ Director 10% Owner _X_ Officer (give title Other (specify below) CEO		
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
SEATTLE, WA	A 98104		Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State)	(Zip) Tab	le I - Non-	Derivative	Secu	rities Acquir	ed, Disposed of,	or Beneficiall	y 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)				Securities Beneficially Owned Following	Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code V	Amount	or (D)	Price	Transaction(s) (Instr. 3 and 4)	(Instr. 4)	
Common Stock	08/29/2007		S	50,000	D	\$ 83.486 (1)	638,556	D	
Common Stock	08/30/2007		S	30,636	D	\$ 84.0306 (2)	607,920	D	
Common Stock	08/31/2007		S	99,364	D	\$ 84.0012 (3)	508,556	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)

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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. Transactic 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	\$ 83.81	08/29/2007		A	60,000	<u>(4)</u>	08/28/2017	Common Stock	60,000	

Reporting Owners

Reporting Owner Name / Address	Keiationsnips						
2	Director	10% Owner	Officer	Othe			
VADON MARK C							
C/O BLUE NILE, INC.	v		CEO				
705 FIFTH AVENUE S, STE 900	X		CEO				
SEATTLE, WA 98104							

Signatures

/s/ Mark C.
Vadon

**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 \$85.10 and the lowest price at which shares were sold was \$82.59.
- (2) Represents the weighted average sale price. The highest price at which shares were sold was \$84.18 and the lowest price at which shares were sold was \$84.00.
- (3) Represents the weighted average sale price. The highest price at which shares were sold was \$84.17 and the lowest price at which shares were sold was \$84.00.
- (4) 25% of the option shares vest one year after August 29, 2007 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.

Reporting Owners 2

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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.