MANSOUR NED Form 4

December 19, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

0.5

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response...

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. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * MANSOUR NED

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

BLUE NILE INC [NILE]

(Check all applicable)

(Last)

(First) (Middle) 3. Date of Earliest Transaction

X_ Director Officer (give title

10% Owner Other (specify

C/O BLUE NILE, 705 5TH AVE. S.

SUITE 900

below)

(Street)

4. If Amendment, Date Original

Applicable Line)

Filed(Month/Day/Year)

(Month/Day/Year)

12/17/2008

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

(Instr. 4)

6. Individual or Joint/Group Filing(Check

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 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D)

5. Amount of Securities Beneficially Owned

7. Nature of 6. Ownership Form: Direct Indirect (D) or Indirect Beneficial (I)

Ownership (Instr. 4)

(Instr. 8) (Instr. 3, 4 and 5)

(A)

Following Reported Transaction(s)

or (Instr. 3 and 4) Code V Amount (D) Price

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.

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

1. Title of Derivative Conversion Security or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of **Transaction**Derivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of 8 **Underlying Securities** (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr.	- 1	Acquired or Dispose (D) (Instr. 3, 4 and 5)	ed of				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 26.02	12/17/2008		A		11,250		<u>(1)</u>	12/16/2018	Common Stock	11,250

Reporting Owners

Reporting Owner Name / Address	Relationships						
•	Director	10% Owner	Officer	Other			
MANSOUR NED C/O BLUE NILE 705 5TH AVE. S. SUITE 900 SEATTLE, WA 98104	X						

Signatures

/s/Lauren Neiswender, Power of Attorney 12/19/2008

**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).

One-thirtieth of the shares vest monthly from December 17, 2008 for twelve months and one-sixtieth of the shares vest monthly thereafter (1) over the next three years, provided however, if a Change in Control (as defined in the 2004 Non-Employee Directors' Stock Option Plan) occurs, then immediately prior to such Change in Control, the Optionholder's Options shall become fully vested and exercisable.

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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