

BLUE NILE INC  
Form 4  
May 14, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
TAYLOR MARY ALICE

(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)  
05/10/2007

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)

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |
| Common Stock                    | 05/10/2007                           |  | M                              |   | 10,000  | A  | \$ 0.25   |
| Common Stock                    | 05/10/2007                           |  | S                              |   | 10,000  | D  | \$ 55.45  |
| Common Stock                    | 05/10/2007                           |  | M                              |   | 10,000  | A  | \$ 0.25   |
| Common Stock                    | 05/10/2007                           |  | S                              |   | 10,000  | D  | \$ 55.4678<br>(1)                                     |
| Common Stock                    | 05/10/2007                           |  | A(2)                           |   | 135   | A  | \$ 55.34  |

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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 |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Options (Right to Buy)               | \$ 0.25  | 05/10/2007                           | 05/10/2007   | M                              | 10,000  | <u>(3)</u> 02/25/2012                                    | Common Stock  | 10,000                        |
| Stock Options (Right to Buy)               | \$ 0.25  | 05/10/2007                           | 05/10/2007   | M                              | 10,000  | <u>(5)</u> 02/25/2012                                    | Common Stock  | 10,000                        |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| TAYLOR MARY ALICE<br>C/O BLUE NILE, INC.<br>705 FIFTH AVENUE S, STE 900<br>SEATTLE, WA 98104 |               | X         |         |       |

## Signatures

/s/ Diane M. Irvine, Power of Attorney

05/14/2007

\*\*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 \$55.51 and the lowest price at which shares were sold was \$55.45.

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- (2) Shares issued in lieu of cash consideration for quarterly Board of Directors fee.
- (3) One thirty-sixth of the shares vest monthly from August 2, 2000 for three years.
- (4) Not applicable.
- (5) One thirty-sixth of the shares vest monthly from August 26, 2001 for three years.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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