

Sainsbury Jon  
 Form 3  
 February 17, 2011

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 * |         | 2. Date of Event Requiring Statement   | 3. Issuer Name and Ticker or Trading Symbol          |  |
| Â Sainsbury Jon                           |         | (Month/Day/Year)   | BLUE NILE INC [NILE]                                 |  |
| (Last)                                    | (First) | (Middle)   | 02/08/2011   |  |
| 705 5TH AVE SOUTH,Â SUITE 900             |         | 4. Relationship of Reporting Person(s) to Issuer   |  |  |
| (Street)                                  |         | (Check all applicable)   |  |  |
| SEATTLE,Â WAÂ 98104                       |         | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner<br><input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other<br>(give title below)    (specify below)<br>VP of Marketing |  |  |
| (City)                                    | (State) | (Zip)  | 5. If Amendment, Date Original Filed(Month/Day/Year) |  |
|   |         |  |  | 6. Individual or Joint/Group Filing(Check Applicable Line)             |
|   |         |  |  | <input checked="" type="checkbox"/> Form filed by One Reporting Person |
|   |         |  |  | <input type="checkbox"/> Form filed by More than One Reporting Person  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock                    | 844   | D  | Â   |
| Common Stock                    | 265   | I  | By Wife   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of | 5. Ownership Form of Derivative | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|---|------------------------------------|---------------------------------|---|
|--|--|---|------------------------------------|---------------------------------|---|

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|                              | Date Exercisable          | Expiration Date  | Title        | Amount or Number of Shares | Derivative Security | Security: Direct (D) or Indirect (I) (Instr. 5) |   |
|------------------------------|---------------------------|------------------|--------------|----------------------------|---------------------|---|---|
| Restricted Stock Unit        | 02/23/2010 <sup>(1)</sup> | Â <sup>(1)</sup> | Common Stock | 117                        | \$ 0                | D   | Â |
| Stock Options (Right to Buy) | 08/26/2004 <sup>(2)</sup> | 10/09/2013       | Common Stock | 2,200                      | \$ 8.75             | D   | Â |
| Stock Options (Right to Buy) | 08/26/2005 <sup>(3)</sup> | 07/27/2014       | Common Stock | 450                        | \$ 30               | D   | Â |
| Stock Options (Right to Buy) | 08/26/2006 <sup>(4)</sup> | 08/07/2015       | Common Stock | 1,000                      | \$ 32.43            | D   | Â |
| Stock Options (Right to Buy) | 08/04/2007 <sup>(5)</sup> | 08/03/2016       | Common Stock | 625                        | \$ 30.31            | D   | Â |
| Stock Options (Right to Buy) | 08/04/2007 <sup>(5)</sup> | 08/03/2016       | Common Stock | 625                        | \$ 37.07            | D   | Â |
| Stock Options (Right to Buy) | 08/04/2007 <sup>(5)</sup> | 08/03/2016       | Common Stock | 625                        | \$ 40               | D   | Â |
| Stock Options (Right to Buy) | 08/04/2007 <sup>(5)</sup> | 08/03/2016       | Common Stock | 625                        | \$ 55.34            | D   | Â |
| Stock Options (Right to Buy) | 08/29/2008 <sup>(6)</sup> | 08/28/2017       | Common Stock | 3,000                      | \$ 83.81            | D   | Â |
| Stock Options (Right to Buy) | 08/08/2009 <sup>(7)</sup> | 08/07/2018       | Common Stock | 10,000                     | \$ 41.13            | D   | Â |
| Stock Options (Right to Buy) | 02/23/2010 <sup>(8)</sup> | 02/22/2019       | Common Stock | 14,000                     | \$ 21.22            | D   | Â |
| Stock Options (Right to Buy) | 02/17/2011 <sup>(9)</sup> | 02/16/2020       | Common Stock | 10,000                     | \$ 49.11            | D   | Â |

## Reporting Owners

| Reporting Owner Name / Address                                       | Relationships |           |                   |       |
|--|---------------|-----------|-------------------|-------|
|  | Director      | 10% Owner | Officer           | Other |
| Sainsbury Jon<br>705 5TH AVE SOUTH<br>SUITE 900<br>SEATTLE, WA 98104 | Â             | Â         | Â VP of Marketing | Â     |

## Signatures

/s/ Lauren Neiswender, Power of Attorney

02/17/2011

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(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) The restricted stock units vest and convert into common stock in two equal annual installments commencing on February 23, 2010.
- (2) 25% of the option shares vest on August 26 2004 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (3) 25% of the option shares vest on August 26, 2005 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (4) 25% of the option shares vest on August 26, 2006 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (5) 25% of the option shares vest on August 4, 2007 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (6) 25% of the option shares vest on August 29, 2008 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (7) 25% of the option shares vest on August 8, 2009 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (8) 25% of the option shares vest on February 23, 2010 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (9) 25% of the option shares vest on February 17, 2011 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.

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.