

Neiswender Lauren  
 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)

<p>1. Name and Address of Reporting Person *</p> <p>Neiswender Lauren</p> <p>(Last) (First) (Middle)</p> <p>705 5TH AVE. S., STE. 900</p> <p>(Street)</p> <p>SEATTLE, WA 98104</p> <p>(City) (State) (Zip)</p>	<p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>02/08/2011</p>	<p>3. Issuer Name and Ticker or Trading Symbol</p> <p>BLUE NILE INC [NILE]</p>	<p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner  <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other                  (give title below) (specify below)                  General Counsel</p>	<p>5. If Amendment, Date Original Filed(Month/Day/Year)</p>	<p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person  <input type="checkbox"/> Form filed by More than One Reporting Person</p>
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**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	39	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**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 Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of	

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				Shares		(I) (Instr. 5)	
Restricted Stock Unit	02/23/2010 <sup>(1)</sup>	∅ <sup>(1)</sup>	Common Stock	188	\$ 0	D	∅
Stock Options (Right to Buy)	10/04/2005 <sup>(2)</sup>	10/04/2014	Common Stock	13,728	\$ 34.29	D	∅
Stock Options (Right to Buy)	08/26/2006 <sup>(3)</sup>	08/07/2015	Common Stock	4,334	\$ 32.43	D	∅
Stock Options (Right to Buy)	06/01/2007 <sup>(4)</sup>	05/31/2016	Common Stock	10,938	\$ 31.26	D	∅
Stock Options (Right to Buy)	08/29/2008 <sup>(5)</sup>	08/28/2017	Common Stock	7,000	\$ 83.81	D	∅
Stock Options (Right to Buy)	08/08/2009 <sup>(6)</sup>	08/07/2018	Common Stock	13,000	\$ 41.13	D	∅
Stock Options (Right to Buy)	02/23/2010 <sup>(7)</sup>	02/22/2019	Common Stock	20,000	\$ 21.22	D	∅
Stock Options (Right to Buy)	02/17/2011 <sup>(8)</sup>	02/16/2020	Common Stock	9,000	\$ 49.11	D	∅

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Neiswender Lauren 705 5TH AVE. S. STE. 900 SEATTLE, WA 98104	∅	∅	∅ General Counsel	∅

## Signatures

/s/ Lauren Neiswender 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 in two equal annual installments commencing on February 23, 2010.
- (2) 25% of the option shares vest on October 4, 2005 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, 2006 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 June 1, 2007 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.

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- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.