

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

**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	
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)

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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	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 705 5TH AVE SOUTH SUITE 900 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.