

BLUE NILE INC  
Form 4  
March 18, 2005

**FORM 4**

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

OMB APPROVAL

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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 \*  
**GASTON DWIGHT**

(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)  
**03/16/2005**

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)

VP of Operations

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	03/16/2005		M		401	A	\$ 0.5
Common Stock							23,201
Common Stock							2,691
Common Stock <sup>(1)</sup>	03/16/2005		S <sup>(1)</sup>		401 <sup>(1)</sup>	D	\$ 30.21
Common Stock							22,800
Common Stock							2,691
Common Stock	03/16/2005		M		100	A	\$ 0.5
Common Stock							22,900

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Common Stock						2,691	I	By Wife
Common Stock <sup>(1)</sup>	03/16/2005	S <sup>(1)</sup>	100 <sup>(1)</sup>	D	\$ 30.27	22,800	D	
Common Stock						2,691	I	By Wife
Common Stock	03/16/2005	M	100	A	\$ 0.5	22,900	D	
Common Stock						2,691	I	By Wife
Common Stock <sup>(1)</sup>	03/16/2005	S <sup>(1)</sup>	100 <sup>(1)</sup>	D	\$ 30.29	22,800	D	
Common Stock						2,691	I	By Wife
Common Stock	03/16/2005	M	153	A	\$ 0.5	22,953	D	
Common Stock						2,691	I	By Wife
Common Stock <sup>(1)</sup>	03/16/2005	S <sup>(1)</sup>	153 <sup>(1)</sup>	D	\$ 30.3	22,800	D	
Common Stock						2,691	I	By Wife
Common Stock	03/16/2005	M	246	A	\$ 0.5	23,046	D	
Common Stock						2,691	I	By Wife
Common Stock <sup>(1)</sup>	03/16/2005	S <sup>(1)</sup>	246 <sup>(1)</sup>	D	\$ 30.31	22,800	D	
Common Stock						2,691	I	By Wife

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	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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pri Deriv Secur (Instr
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Derivative Security			Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares
			Code	V				
Stock Options (Right to Buy)	\$ 0.5	03/16/2005	M	401	(2)	06/26/2009	Common Stock	401
Stock Options (Right to Buy)	\$ 0.5	03/16/2005	M	100	(2)	06/26/2009	Common Stock	100
Stock Options (Right to Buy)	\$ 0.5	03/16/2005	M	100	(2)	06/26/2009	Common Stock	100
Stock Options (Right to Buy)	\$ 0.5	03/16/2005	M	153	(2)	06/26/2009	Common Stock	153
Stock Options (Right to Buy)	\$ 0.5	03/16/2005	M	246	(2)	06/26/2009	Common Stock	246

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GASTON DWIGHT C/O BLUE NILE, INC. 705 FIFTH AVENUE S, STE 900 SEATTLE, WA 98104			VP of Operations	

## Signatures

/s/ Diane M. Irvine, Power of Attorney  
 03/18/2005  
 \*\*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) This sale was affected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person.
- (2) 25% of the option shares vest one year after May 17, 1999 and one-forty-eighth of the option shares vest in equal monthly installments over the following thirty-six months.
- (3) Not applicable.

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.