

BLUE NILE, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

Blue Nile, Inc. (“Blue Nile”) and its employees, consultants and board of directors are committed to the highest level of ethics and integrity. The following are principles that guide our relationships with coworkers, directors, customers, vendors, competitors, stockholders and other members of the community. This Code of Business Conduct and Ethics (the “Code”) is not a list of all acceptable and unacceptable actions, but rather an articulation of particularly important areas. More specific guidance is set forth in other Blue Nile policies and documents, including our Employee Handbook. In every area of behavior, you should act fairly, legally and in a manner in which you and Blue Nile can take pride. If there is even the potential for conflict or ambiguity between what is and is not permitted, the conduct in question should be avoided.

It is our policy to promote high standards of integrity by conducting our affairs in an honest and ethical manner. The integrity and reputation of Blue Nile depends on the honesty, fairness and integrity brought to the job by each person associated with us. Unyielding personal integrity is the foundation of corporate integrity. Any violation of the Code is grounds for immediate termination of employment.

We treat each individual with fairness, respect and without discrimination.

Blue Nile does not tolerate discrimination against any individual on the basis of his or her race, religion, gender, age, marital status, national origin, sexual orientation, citizenship status, disability or other protected characteristic. This applies to recruiting, hiring, compensation, benefits, training, termination, promotions, or any other condition of employment or career development. We will not harass or embarrass others or create or allow an offensive or hostile work environment. These same standards apply to relations with customers, coworkers and outside firms.

We are aware of and comply with the laws in all countries in which we operate, as well as U.S. laws applicable to activities in foreign countries.

Obedying the law is the foundation of this Code. Legal compliance involves compliance not only with the letter but also with the spirit of the law. Our success depends upon each employee’s operating within legal guidelines and cooperating with local, national and international authorities. It is therefore essential that all employees understand the legal and regulatory requirements applicable to their respective business units and areas of responsibility. If you have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor or the Compliance Officer (as further described below).

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as Blue Nile, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone’s best interests to know and comply with our legal obligations.

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced in practice, or that violation is not subject to public criticism or censure, will not excuse noncompliance.

We also expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S. Examples of U.S. laws applicable to international activities include anti-boycott laws and prohibitions on business with, or restrictions on exports to, certain countries.

These U.S. laws, rules and regulations, which extend to all our activities outside the U.S., include:

The Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment and requires the maintenance of accurate books of account, with all company transactions being properly recorded;

U.S. Embargoes, which generally prohibit U.S. companies, their subsidiaries and their employees from doing business with, or traveling to, countries subject to sanctions imposed by the U.S. government (currently, Cuba, Iran, North Korea, Sudan and Syria), as well as specific companies and individuals identified on lists published by the U.S. Treasury Department;

U.S. Export Controls, which restrict exports from the U.S. and re-exports from other countries of goods, software and technology to many countries, and prohibits transfers of U.S.-origin items to denied persons and entities; and

Antiboycott Regulations, which prohibit U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott imposed by a foreign country against a country friendly to the U.S. or against any U.S. person.

If you have a question as to whether an activity is restricted or prohibited, seek assistance before taking any action, including giving any verbal assurances that might be regulated by international laws.

We avoid any activity involving personal interest that creates, or has the appearance of creating, a conflict between an employee's interest and the interests of Blue Nile.

A conflict of interest is defined as any situation in which an employee or related person has any actual or apparent personal benefit that may tend to conflict with the impartial discharge of the employee's obligations to Blue Nile. We expect our employees to be free from influences that conflict with the best interests of Blue Nile. You may not take personal advantage of opportunities for Blue Nile that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by your supervisor or the Compliance Officer. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are not an officer or director of Blue Nile, you should discuss the matter with your supervisor or the Compliance Officer. Supervisors may not authorize conflict of interest matters without first seeking the approval of the Compliance Officer and providing the Compliance Officer with a description of the activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the Compliance Officer. Officers and directors may seek authorizations and determinations from the Audit Committee.

The following are examples of situations that may, depending on the facts and circumstances, involve conflicts of interests.

- Employment by (including consulting for) or service on the board of directors of a competitor, customer, supplier or other service provider by any employee of the Company.
- Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.
- Soliciting or accepting gifts, favors, loans or preferential treatment from any person or entity that does business or seeks to do business with us.
- Moonlighting without permission.
- Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with us.
- Taking personal advantage of corporate opportunities.
- Conducting our business transactions with your family member, significant other or person who shares your household or a business in which you have a significant financial interest. Material related-party transactions approved by the Audit Committee and involving any executive officer or director will be publicly disclosed as required by applicable laws and regulations.
- Exercising direct supervisory authority on behalf of Blue Nile over a co-worker with whom you have a family or personal relationship.

Notwithstanding the foregoing, with respect to our officers and directors, transactions which are in the ordinary course of business for Blue Nile and would not require either: (i) disclosure pursuant to item 404(a) of Item S-K, or (ii) approval of our board, audit committee or other another independent committee of the board pursuant to applicable rules of the Nasdaq stock market shall not be deemed to give rise to any potential or actual conflict of interest for purposes of the Code. For clarity, a transaction requiring either (i) or (ii) above shall not necessarily be deemed a potential or actual conflict of interest.

Employees may not take personal advantage of corporate opportunities for Blue Nile obtained as a result of an employee's position with Blue Nile.

You may not take personal advantage of opportunities for Blue Nile that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. You may not use your position with us or corporate property or information for improper personal gain, nor should you compete with us in any way.

Our internal documents and records and external certifications and reports to governmental or other agencies are accurate, complete and understandable.

The integrity of our records and public disclosure depends on the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or otherwise, is strictly prohibited. All records and reports should be made in a timely manner, and, when applicable, should be properly authorized and maintained. Financial and other activities are to be recorded in compliance with all applicable laws and accounting

practices. It is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as our transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or “off-the-books” fund.

Our accounting records are also relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. We will rely upon our accounting and other business and corporate records in preparing the periodic and current reports that are required to be filed with the Securities and Exchange Commission (the “SEC”). These reports must provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about Blue Nile that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. With respect to our records and disclosure obligations:

- no employee may take or authorize any action that would intentionally cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, applicable rules and regulations of the SEC or other applicable laws, rules and regulations;
- all employees must cooperate fully with our Finance Department, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as any reports filed with the SEC, are accurate and complete; and
- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any report filed with the SEC or other governing or regulatory body or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor or the Compliance Officer.

Our business practices are fair and accurate and comply with our guidelines and all legal

restrictions.

Advantages over our competitors are not to be obtained through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. Employees are expected to deal ethically and appropriately with our customers, suppliers, employees and anyone else with whom we have contact in the course of performing our jobs. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or the Compliance officer.

All Blue Nile purchases are made strictly on the basis of merit and without favoritism. The terms of any commercial relationship should be fully and accurately reflected in all invoices, agreements and internal records. Be aware that the Federal Trade Commission Act provides that “unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful.” It is a violation of the Act to engage in deceptive, unfair or unethical practices and to make misrepresentations in connection with sales activities. Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products or services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

We do not participate in any way in the unlawful or unethical receipt or payment of funds or other benefits, including bribes, kickbacks or other payments.

Business entertainment and gifts are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. Unless express permission is received from a supervisor or the Compliance Officer, entertainment and gifts cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not (a) excessive in value, (b) in cash, (c) susceptible of being construed as a bribe or kickback (d) made or received on a regular or frequent basis or (e) in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered “a way of doing business” and it applies to relationships with government officials, customers, vendors and other parties and includes our actions and those of third parties. We seek to avoid even the appearance of impropriety. As a result, employees should not request, accept or give any gifts in connection with Blue Nile business beyond that of a nominal value that could reasonably affect the recipient’s judgment or actions in the performance of his or her duties. This includes gifts, payments, consulting fees, loans, travel or other benefits of value received directly or indirectly by you or your family from any existing or potential customer, supplier or competitor. If, for any reason you intend to provide any gift to a government official or employee, it must be in strict compliance with applicable laws, and you must first obtain approval from the Compliance Officer. Under some statutes, such as the U.S. Foreign Corrupt Practices Act, giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction.

We conduct all our activities in compliance with antitrust and trade regulation statutes.

Various activities, the effect or intent of which is to fix prices, allocate markets, or otherwise reduce competition, may violate the antitrust laws. This can include discussions, meetings or arrangements with our competitors, agreements (whether formal or informal, written or oral), or any joint activity involving Blue Nile and any other party. Competitive information must be gathered with care. We must conduct all interactions with competitors, as well as internal descriptions of our actions and

intentions in emails and other forums, as if they were completely in the public view, because they may later be subject to probing examination and unfavorable interpretation

We use our technological and other resources in a secure and appropriate manner.

You should take all necessary measures to ensure the security of your computer and any computer or voicemail passwords and that any data or information that is sent outside Blue Nile is done using Blue Nile-approved security techniques. The use of technological resources must be consistent with all other Blue Nile policies, including those relating to sexual harassment, privacy, patents, copyrights and trademarks. For example, employees should not use our technological resources to transmit, display, store, publish or purposely receive pornographic, obscene or sexually explicit material. We all have a duty to safeguard Blue Nile's assets, including our physical facilities and equipment, our products, computers, software, records, customer information, and Blue Nile names and trademarks. Our property, such as office supplies, equipment, buildings, materials and products, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. All data residing or transmitted through our computing and communication facilities, including email, is the property of Blue Nile and is subject to inspection, retention and review without notice, subject to applicable law.

We do not disclose, or use for any reason other than for the benefit of Blue Nile, proprietary or confidential information we learn at Blue Nile.

One of our most important assets is our confidential information. Employees who have received or have access to confidential information should take care to keep this information confidential. All documents, emails and other information should be presumed confidential and should not be disseminated outside of Blue Nile, except where required for Blue Nile-related business reasons. Confidential information may also include information regarding intellectual properties and third party confidential or proprietary information. Confidential information may be protected by trade secret laws. Please note that most agreements whereby Blue Nile is provided access to the confidential information of third parties require us to use at least the same care in protecting the confidentiality of such information as is exercised over Blue Nile's own confidential information.

Except when disclosure is authorized, you must not share our or our suppliers' or customers' confidential information with third parties or others within Blue Nile who have no legitimate business purpose for receiving that information or use such confidential information other than in the performance of your legitimate duties on behalf of Blue Nile. Doing so would constitute a violation of the employee agreement that you signed upon joining us. Except for authorized spokespersons of Blue Nile, employees should not communicate with the press or in public forums regarding Blue Nile.

Employees who are aware of suspected misconduct, illegal activities, fraud, or violations of the standards in the Code have a responsibility to report such matters.

To facilitate compliance with this Code, we have implemented a program of Code awareness, training and review. We have established the position of Ethics Compliance Officer to oversee this program. The Ethics Compliance Officer is the Company's General Counsel or such other person or persons as the Board of Directors may appoint to such position. The Ethics Compliance Officer is a person to whom you can address any questions or concerns. In addition to fielding questions or concerns with respect to potential violations of this Code, the Ethics Compliance Officer is responsible for:

- investigating possible violations of the Code as described in the Company's Whistleblower Policy;

- training new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with the Code;
- distributing copies of the Code annually to each employee with a reminder that each employee is responsible for reading, understanding and complying with the Code;
- updating the Code as needed and alerting employees to any updates, with appropriate approval of the Board of Directors and/or the appropriate committees of the Board; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to the Code is your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with the Ethics Compliance Officer.

Please submit reports of possible violations of the Code in accordance with the Company's Whistleblower Policy. This policy, which is available on the Company's website, includes instructions for the anonymous submission of reports. Your identity will be kept strictly confidential to the extent possible, and no retaliatory action will be taken against employees making good faith reports. Reports will be taken seriously and will be subject to internal investigation and appropriate corrective actions.

Reports of violations of the Code will be investigated in accordance with our Whistleblower Policy. Our actions in response to any investigation may include prompt restitution of overpayment amounts, notifying the appropriate governmental agency, instituting whatever disciplinary action is necessary and implementing systemic changes to prevent a similar violation from recurring in the future. Discipline utilized will depend on the nature, severity, and frequency of the violation and may result in a warning, reprimand, suspension, termination or restitution.

Any waiver or amendment of the Code must be approved in advance.

Any waiver or amendment of this Code requires the approval of the Compliance Officer, our Board of Directors or a duly authorized committee of our Board of Directors. Any waiver or amendment of this Code that applies to executive officers (including, where required by applicable laws, our principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions)) or directors may be authorized only by our Board of Directors or, to the extent permitted by the rules of Nasdaq, a duly authorized committee of the Board, and will be disclosed to stockholders as required by applicable laws, rules and regulations.