

What is Blue Nile?

Blue Nile, Inc. is the leading online retailer of diamonds and fine jewelry. The Company delivers the ultimate customer experience, providing consumers with a superior way to buy engagement rings, wedding rings and fine jewelry. Blue Nile offers in-depth educational materials and unique online tools that place consumers in control of the jewelry shopping process. The Company offers thousands of independently certified diamonds and fine jewelry at prices significantly below traditional retail, with quality standards that are among the highest in the industry. Blue Nile can be found online at www.bluenile.com, www.bluenile.ca and www.bluenile.co.uk. Blue Nile's shares are traded on the Nasdaq Stock Market LLC under the symbol **NILE**.

History:

Following his own frustrating search for an engagement ring, Blue Nile Executive Chairman Mark Vadon recognized that a significant number of consumers were confused, intimidated, and discouraged by the traditional jewelry-shopping experience. Mark subsequently acquired Internet Diamonds—re-naming it Blue Nile—which was built on the premise that there had to be a smarter way to buy a diamond. Mark's vision, which today is embodied throughout Blue Nile's Mission Statement, was to build the premier specialty retailer of jewelry by offering consumers high quality products at compelling values through an empowering shopping experience.

Financial Highlights (in millions, except per share data)				
	2004	2005	2006	2007
Revenue	169.2	203.2	251.6	319.3
Net Income	10.0	13.2	13.1	17.5
EPS (diluted)	0.56	0.71	0.76	1.04
Free Cash Flow*	28.3	30.2	38.6	36.6

* Free cash flow is a non-GAAP measure defined as cash provided by operating activities less capital expenditures. For a reconciliation to the comparable GAAP measure, refer to the Investor Relations section of our website on the financial reports page.

COMPANY PROFILE

Blue Nile is the largest online retailer of certified diamonds and fine jewelry. The Company is headquartered in Seattle, Washington.

- 1999** Year Founded
- 2004** Year of IPO
- \$319.3M** 2007 Revenue
- 195** 2007 Employees
- \$1.6M** 2007 Revenue per employee
- 25+** Countries served
- 170K** Marriage Proposals
- \$1.5M** Largest single sale
- 12.5ct** Largest diamond ever sold
- 75K** Diamonds sold over 1 carat
- 55K+** Diamonds for sale

Company Milestones:



Blue Nile's Products & Services:

Build Your Own Diamond Jewelry: A proprietary "Build Your Own" function that consumers can use to customize diamond rings, earrings, pendants, three stone rings, three stone pendants and five stone rings.

Proprietary Diamond Search: A proprietary interactive diamond search function that allows consumers to search through an inventory of over 50,000 diamonds to find the perfect purchase based on individual criteria.

Blue Nile Signature Diamonds: A line of diamonds that are hand-selected and cut to the most exacting standards, providing perfect symmetry and proportions for maximum brilliance.

Diamond and Jewelry Consultants: Expertly trained customer service team offering no-pressure advice and guidance to help customers make purchasing decisions with confidence.

Fine Jewelry: Finely-crafted diamond, gold, pearl, sterling silver, platinum and gemstone jewelry in classic and modern designs.

Fancy Colored Diamonds: An exclusive collection of rare fancy colored diamonds, including extremely rare diamonds in red and pink hues.

Executive Team:

Mark Vadon

Executive Chairman and Chairman of the Board

Diane Irvine

Chief Executive Officer, President and Director

Marc Stolzman

Chief Financial Officer

Dwight Gaston

Senior Vice President

Susan Bell

Senior Vice President

Terri Maupin

Vice President of Finance and Controller



WHY CUSTOMERS CHOOSE BLUE NILE:

Quality:

Among the highest quality standards in the industry.

Education:

Comprehensive guidance and education.

Selection:

Unmatched diamond selection and interactive search tools.

Service:

Commitment to a superior customer experience.

For More Information:

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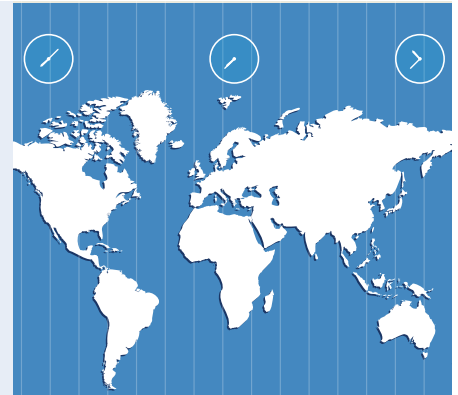
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Manager of Investor Relations

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Blue Nile Diamonds Are Shipped Internationally

From the U.S.:

Australia
Canada
China
Hong Kong
Japan
New Zealand
Norway
Singapore
Switzerland
Taiwan
U.S.

From Dublin, Ireland:

Austria
Belgium
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland

Italy
Luxembourg
Netherlands
Poland
Portugal
Spain
Sweden
U.K.



Education. Guidance. Diamonds and Fine Jewelry.

www.bluenile.com

*Your heart pounds. She opens the box.
Your eyes meet. Joy. The rarest of feelings.
Irreplaceable. The diamond catches the light.*