

SCHAFER GREGORY W  
 Form 4  
 July 23, 2009

**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 \*  
**SCHAFER GREGORY W**

(Last) (First) (Middle)

C/O NILE THERAPEUTICS,  
 INC., 115 SAMSOME STREET,  
 SUITE #310

(Street)

SAN FRANCISCO, CA 94104

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 Nile Therapeutics, Inc. [NLTX]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 07/21/2009

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)

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)
Common Stock				(A) or (D) Price	100	D	

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

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	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 Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
				Code V (A) (D)		Date Exercisable Expiration Date	Title	
Stock Option (Right to Buy)	\$ 4.5					(1) 01/25/2018	Common Stock	60,000
Stock Option (Right to Buy)	\$ 0.93					01/01/2010 12/22/2018	Common Stock	35,000
Stock Option (Right to Buy)	\$ 1.77	07/21/2009		A	80,000	07/21/2010 07/21/2019	Common Stock	80,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHAFFER GREGORY W C/O NILE THERAPEUTICS, INC. 115 SAMSOME STREET, SUITE #310 SAN FRANCISCO, CA 94104		X		

## Signatures

/s/ Daron Evans as Attorney-in-Fact for Gregory W. Schafer pursuant to Power of Attorney previously filed.

07/23/2009

\_\_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) The shares subject to the option vest in three equal installments on January 25, 2009, January 25, 2010 and January 25, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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