

SCHAFFER GREGORY W
 Form 4
 May 12, 2011

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 *
SCHAFFER GREGORY W

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 C/O NILE THERAPEUTICS,
 INC., 4 WEST 4TH AVENUE,
 SUITE 400
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 05/10/2011

Director 10% Owner
 Officer (give title below) Other (specify below)

SAN MATEO, CA 94402

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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)
				(A) or (D) Code V Amount (D) Price			
Common Stock					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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount Number of Shares
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					07/21/2010 07/21/2019	Common Stock 80,000
Stock Option (Right to Buy)	\$ 0.37					07/26/2011 07/26/2020	Common Stock 100,000
Stock Option (Right to Buy)	\$ 0.73	05/10/2011		A	100,000	05/10/2012 05/10/2021	Common Stock 100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHAFFER GREGORY W C/O NILE THERAPEUTICS, INC. 4 WEST 4TH AVENUE, SUITE 400 SAN MATEO, CA 94402		X		

Signatures

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

05/12/2011

__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) Fully exercisable.

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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