

SCHAFFER GREGORY W
 Form 4
 July 28, 2010

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

(Last) (First) (Middle)

C/O NILE THERAPEUTICS,
 INC., 4 WEST 4TH AVENUE,
 SUITE 400

(Street)

SAN MATEO, CA 94402

(City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 07/26/2010

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)
				(A) or (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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SEC 1474 (9-02)

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 of 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	07/26/2010		A	100,000	07/26/2011 07/26/2020		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.

07/27/2010

__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.

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. ed (the **Code**), options that do not qualify as incentive stock options under the Code (these

options are sometimes referred to as non-qualified stock options), restricted shares, performance shares, performance units and other stock-based awards.

The Board of Directors may at any time suspend, amend or terminate the 2009 Equity Incentive Compensation Plan. However, except as otherwise provided in the plan, the Board of Directors may not take any action that materially and adversely affects any outstanding awards granted under the 2009 Equity Incentive Compensation Plan without obtaining the consent of the individuals who have been granted such awards and certain amendments may require shareholder approval. In addition, no amendment may be made by the Board of Directors without shareholder approval if the amendment would effect any change which requires shareholder approval under any applicable laws or regulations. By its terms, the 2009 Equity Incentive Compensation Plan will automatically terminate in 2019.

The exercise price of incentive stock options granted under the 2009 Equity Incentive Compensation Plan may not be less than the fair market value of the common shares underlying the option at the time the option is granted. Fair market value is currently based upon the average of the highest and lowest selling price on the Nasdaq Stock Market on the date the option is granted, or if there were no sales on such date, then on the next prior business day on which there were sales. The exercise price of non-qualified stock options is determined by the Compensation Committee. However, in determining an exercise price, the Compensation Committee may not establish an exercise price that is less than the fair market value of the common shares underlying the option (at the time the option is granted). The exercise price of any stock option granted under the 2009 Equity Incentive Compensation Plan cannot be changed or modified after the time of grant unless such change or modification is made with the prior approval of State Auto Financial's shareholders. No stock option may be exercised more than ten years after the date of grant.

Options may be transferred only by will or the laws of descent and distribution except that the Compensation Committee may authorize gifts of options (provided that they are not incentive stock options) to a grantee's parents, spouse, children, grandchildren, nieces or nephews, or to the trustee of a trust for the principal benefit of one or more of these persons or to a partnership whose only partners are one or more of these persons. In addition, non-qualified stock options and, if permitted by applicable law, incentive stock options may be transferred pursuant to qualified domestic relations orders to a grantee's former spouse. Options may be exercised only by a grantee or his or her legal representative or, if gifted or otherwise transferred, by the permitted transferee or the transferee's legal representative.

Restricted shares are common shares of State Auto Financial that are subject to a vesting schedule and other restrictions. The vesting schedule and lapsing, if any, of the restrictions, is determined

by the Compensation Committee. Unless otherwise determined by the Compensation Committee, upon the voluntary or involuntary termination of the participant's employment with State Auto Financial for any reason, any shares still subject to restrictions will be forfeited. The Compensation Committee has the authority to determine the voting rights (which may be full or limited), dividend rights (which may be full or limited) and other shareholder rights associated with the restricted shares during the restriction period. The purchase price of restricted shares is established by the Compensation Committee, and may be zero.

Performance shares and performance units are awards that result in a payment to a participant only if the performance goals established by the Compensation Committee are achieved during the performance period established by the Compensation Committee. The Compensation Committee establishes organizational performance goals, including, without limitation, earnings, return on capital, revenue, premiums, net income, earnings per share, combined ratio, loss ratio, expense ratio, assets, equity, cash flows, stock price, total shareholders' return or any other performance goal approved by the shareholders of State Auto Financial in accordance with Code Section 162(m), which, depending on the extent to which they are met, determines the number and/or the value of performance shares and performance units to be paid out to participants. The Compensation Committee establishes the performance period for each award, which period may not be less than one calendar year. The purchase price of performance shares is established by the Compensation Committee, and may be zero. Performance units will have an initial dollar value established by the Compensation Committee at the time of the award, but may not be less than a value per unit equal to the fair market value of a common share of State Auto Financial. Upon the termination of employment before the end of any performance period due to death, retirement, or disability, the Compensation Committee, taking into consideration the performance of the participant and the performance of State Auto Financial over the performance period, may authorize the payment of all or a portion of the amount which would have been paid to the participant had his or her employment continued to the end of the performance period. If the participant's employment terminates for any other reason, all performance shares and performance units will be forfeited. The Compensation Committee has the authority to determine the voting rights (which may be full or limited), dividend rights (which may be full or limited) and other shareholder rights associated with the performance shares during the performance period.

Awards other than options granted under the 2009 Equity Incentive Compensation Plan generally may not be sold, pledged, transferred or assigned. If the Compensation Committee makes an award under the 2009 Equity Incentive Compensation Plan transferable, such award will contain such additional terms and conditions as the Compensation Committee deems appropriate.

A copy of the 2009 Equity Incentive Compensation Plan is attached as an exhibit to this Current Report on Form 8-K.

Section 9. Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No. Description

- | | |
|------|--|
| 10.1 | Credit Agreement dated as of May 8, 2009, between State Automobile Mutual Insurance Company, as borrower, and State Auto Property & Casualty Insurance Company, as lender. |
| 10.2 | Indemnification Agreement dated as of November 14, 2008, between State Auto Financial Corporation and Robert P. Restrepo, Jr. |
| 10.3 | Indemnification Agreement dated as of May 8, 2009, between State Auto Financial Corporation and Steven E. English. |
| 10.4 | Indemnification Agreement dated as of November 14, 2008, between State Automobile Mutual Insurance Company and Mark A. Blackburn. |
| 10.5 | Indemnification Agreement dated as of May 8, 2009, between State Auto Financial Corporation and Clyde H. Fitch, Jr.. |
| 10.6 | Indemnification Agreement dated as of May 8, 2009, between State Auto Financial Corporation and James A. Yano. |
| 10.7 | 2009 Equity Incentive Compensation Plan of State Auto Financial Corporation. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STATE AUTO FINANCIAL CORPORATION

Date: May 13, 2009

By /s/ James A. Yano
Vice President and General Counsel

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