

Lieu Hsiao  
Form 4  
May 27, 2011

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
Lieu Hsiao

(Last) (First) (Middle)

C/O NILE THERAPEUTICS,  
INC., 115 SANSOME 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)  
05/26/2011

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)  
VP, Clinical Research

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)<br>or<br>(D)  | 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)                | \$ 4.45  |                                      |  |                                |   | (1) 03/10/2018   | 03/10/2018  | Common Stock | 200,000                    |
| Stock Option (Right to Buy)                | \$ 4.45  |                                      |  |                                |   | (2) 03/10/2018   | 03/10/2018  | Common Stock | 46,623                     |
| Stock Option (Right to Buy)                | \$ 0.88  |                                      |  |                                |   | 01/16/2009   | 01/16/2019  | Common Stock | 31,103                     |
| Stock Option (Right to Buy)                | \$ 1.14  |                                      |  |                                |   | (3) 07/07/2019   | 07/07/2019  | Common Stock | 128,444                    |
| Stock Option (Right to Buy)                | \$ 0.301   |                                      |  |                                |   | (4) 07/08/2020   | 07/08/2020  | Common Stock | 100,000                    |
| Stock Option (Right to Buy)                | \$ 0.78  | 05/26/2011                           |  | A                              | 100,000   | (5) 05/26/2021   | 05/26/2021  | Common Stock | 100,000                    |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                       |       |
|--|---------------|-----------|-----------------------|-------|
|  | Director      | 10% Owner | Officer               | Other |
| Lieu Hsiao<br>C/O NILE THERAPEUTICS, INC.<br>115 SANSOME STREET, SUITE #310<br>SAN FRANCISCO, CA 94104 |               |           | VP, Clinical Research |       |

## Signatures

/s/ Daron Evans as Attorney-in-Fact for Hsiao D. Lieu pursuant to Power of Attorney previously filed.

05/27/2011

\_\_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) Exercisable as to 50,000 shares on 3/10/09 and as to 4,167 shares each month thereafter for 36 months.

On 03/10/08, the Reporting Person was granted an option to purchase up to 100,000 shares of common stock of the Issuer. Up to 1/4 of the shares subject to the option may vest annually (or a pro rata portion thereof for a period of less than a full year) based on the achievement of certain performance milestones as determined by the Compensation Committee of the Board of Directors (the

- (2) Committee") of the Issuer. On 1/19/09, the Committee determined that options for the prorated period ending 12/31/08 would vest in the amount of 9,123 shares, with options to purchase 11,151 shares being forfeited. On 1/19/10, the Committee determined that options for the period ending 12/31/09 would vest in the amount of 12,500 shares, with options to purchase 12,500 shares being forfeited. On 12/17/10, the Committee determined that options for the period ending 12/31/10 would vest in the amount of 25,000 shares.

On July 7, 2009, the Reporting Person was granted an option to purchase up to 150,000 shares of common stock of the Issuer, 37,500 of which were immediately exercisable. Vesting of 75,000 of the shares subject to the option was based on the achievement of certain performance milestones (or a pro rata portion thereof for a five-month period of such milestones) following the date of grant. On

- (3) February 15, 2010, the Reporting Person's right to purchase 63,750 shares of such 75,000-share installment vested based on the achievement of such milestones; the remaining 11,250 shares of such installment were forfeited. Vesting of the final 37,500 shares of the total grant was subject to certain other performance milestones (or a pro rata portion thereof). On January 3, 2011, the Reporting Person's right to purchase 27,192 shares of such final 37,500-share installment vested based on the achievement of such milestones; the remaining 10,308 shares of such installment were forfeited.

- (4) This option vests in four equal quarterly installments over one year with the first installment vesting on September 30, 2010.

- (5) This option vests in four equal quarterly installments over one year with the first installment vesting on August 26, 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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