

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**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person * <u>Lieu Hsiao</u>  (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 <u>Nile Therapeutics, Inc. [ NLTX ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner Officer (give title below) Other (specify below) X VP, Clinical Research
	3. Date of Earliest Transaction (Month/Day/Year) 05/26/2011	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) X 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock							100	D		

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

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Stock Option (Right to Buy)	\$4.45							(1)	03/10/2018	Common Stock 200,000		200,000	D	
Stock Option (Right to Buy)	\$4.45							(2)	03/10/2018	Common Stock 46,623		46,623	D	
Stock Option (Right to Buy)	\$0.88							01/16/2009	01/16/2019	Common Stock 31,103		31,103	D	
Stock Option (Right to Buy)	\$1.14							(3)	07/07/2019	Common Stock 128,442		128,442	D	
Stock Option (Right to Buy)	\$0.301							(4)	07/08/2020	Common Stock 100,000		100,000	D	
Stock Option (Right to Buy)	\$0.78	05/26/2011		A		100,000		(5)	05/26/2021	Common Stock 100,000	\$0	100,000	D	

**Explanation of Responses:**

- 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 "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 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.
- This option vests in four equal quarterly installments over one year with the first installment vesting on September 30, 2010.
- This option vests in four equal quarterly installments over one year with the first installment vesting on August 26, 2011.

**Remarks:**

/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

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

\* 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).

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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