

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) <u>C/O NILE THERAPEUTICS, INC.</u> <u>115 SANSOME STREET, SUITE #310</u> (Street) <u>SAN FRANCISCO CA 94104</u> (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 <u>VP, Clinical Research</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>02/15/2010</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

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						Title
Stock Option (Right to Buy)	\$1.14	02/15/2010		A		63,750 ⁽¹⁾		07/07/2009	07/07/2019	Common Stock	101,250	\$0	101,250	D	
Stock Option (Right to Buy)	\$4.45							(1)	01/16/2019	Common Stock	21,623		21,623	D	
Stock Option (Right to Buy)	\$4.45							(2)	03/10/2018	Common Stock	200,000		200,000	D	
Stock Option (Right to Buy)	\$0.88							01/16/2009	01/16/2019	Common Stock	31,003		31,003	D	

Explanation of Responses:

1. 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. 75,000 of the shares subject to the option are 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 are subject to certain other performance milestones (or a pro rata portion thereof), which have not yet been achieved.
 2. Exercisable as to 50,000 shares on 3/10/2009 and as to 4,167 shares each month thereafter for 36 months.

Remarks:

/s/ Daron Evans as Attorney-in-Fact for Hsiao D. Lieu pursuant to Power of Attorney previously filed. 02/17/2010

** 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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