



PRESS RELEASE

August 16, 2010

Nile Therapeutics Reports 2010 Second Quarter Financial Results

SAN MATEO, CA, August 16, 2010 -- Nile Therapeutics, Inc. (NASDAQ: NLTX), a company focused on the development of novel therapeutics for heart failure patients, today announced its second quarter financial results for 2010.

Financial Results

For the three months ended June 30, 2010, Nile reported a net loss of approximately \$1.5 million, or \$0.05 per share, compared to a net loss of approximately \$2.5 million, or \$0.10 per share, during the second quarter of 2009. Weighted-average shares outstanding for the second quarter were 32.3 million.

Net cash used in operating activities in the second quarter of 2010 was approximately \$1.0 million; net cash provided by financing activities was approximately \$4.5 million; and net cash increase in the second quarter of 2010 was approximately \$3.6 million. As of June 30, 2010, Nile had cash and cash equivalents of approximately \$5.6 million compared to approximately \$3.2 million as of December 31, 2009.

Update on CD-NP

During June 2010, Nile completed enrolling a placebo-controlled Phase II study of CD-NP in patients with acute decompensated heart failure ("ADHF") in the United States, Germany and Israel. In total, 77 patients were randomized into four doses of CD-NP (1.25, 2.5, 3.75 and 5 ng/kg/min) vs. placebo. The last patient visit occurred at the end of July and final results from the study are expected in the fourth quarter of 2010. Also in the fourth quarter of 2010, Nile plans to submit to the FDA for review and discussion, the clinical protocol for a double-blind, placebo controlled Phase IIb study of CD-NP in ADHF patients.

About Nile Therapeutics

Nile Therapeutics, Inc. is a clinical-stage biopharmaceutical company that develops innovative products for the treatment of cardiovascular disease and other areas of unmet medical needs. Nile is initially focusing its efforts on developing its lead compound, CD-NP, a novel rationally designed chimeric peptide in clinical studies for the treatment of heart failure, and CU-NP, a novel rationally designed natriuretic peptide. More information on Nile can be found at <http://www.nilethera.com>.

Contact:

Daron Evans
 Chief Financial Officer
 Nile Therapeutics, Inc.
 +1-650-458-2670
 info@nilethera.com

Safe Harbor Paragraph for Forward-Looking Statements: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this press release regarding the timing, progress and anticipated results of the clinical development, regulatory processes, clinical trial timelines, expected patient enrollment, anticipated benefits of CD-NP, Nile's strategy, future operations, outlook, milestones, the timing and success of Nile's product development, future financial position, future financial results, plans and objectives of management are forward-looking statements. Nile may not actually achieve these plans, intentions or expectations and Nile cautions investors not to place undue reliance on Nile's forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements Nile makes. Various important factors that could cause actual results or events to differ materially from the forward-looking statements that Nile makes include Nile's need to raise additional capital to fund its product development programs to completion, Nile's reliance on third-party researchers to develop its product candidates, and its lack of experience in developing and commercializing pharmaceutical products. Additional risks are described in greater detail in the reports Nile files with Securities and Exchange Commission, including those described under the caption "Risk Factors" in Item 1A of its Annual Report on Form 10-K for the year ended December 31, 2009 filed with the Securities and Exchange Commission on March 3, 2010. Nile is providing this information as of the date of this press release and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

Condensed Statement of Operations
 (unaudited)

| | Three months ended June 30, | | Six months ended June 30, | | Period from |
|--------------------------------------------|-----------------------------|-----------------------|---------------------------|-----------------------|-----------------------------------------------------|
| | 2010 | 2009 | 2010 | 2009 | August 1, 2005 (inception) through June 30, 2010 |
| Grant income | \$ - | \$ - | \$ - | \$ - | \$ 482,235 |
| Operating expenses: | | | | | |
| Research and development | 1,055,759 | 1,103,428 | 2,369,181 | 2,428,032 | 24,147,236 |
| General and administrative | 445,448 | 1,397,689 | 1,068,650 | 1,860,157 | 13,065,412 |
| Total operating expenses | <u>1,501,207</u> | <u>2,501,117</u> | <u>3,437,831</u> | <u>4,288,189</u> | <u>37,212,648</u> |
| Loss from operations | (1,501,207) | (2,501,117) | (3,437,831) | (4,288,189) | (36,730,413) |
| Other income (expense): | | | | | |
| Interest income | 6,726 | 5,886 | 11,572 | 20,573 | 779,154 |
| Interest expense | - | - | - | - | (1,273,734) |
| Other expense | (40) | (4,859) | (82) | (11,282) | (100,051) |
| Total other income (expense) | <u>6,686</u> | <u>1,027</u> | <u>11,490</u> | <u>9,291</u> | <u>(594,631)</u> |
| Net loss | <u>\$ (1,494,521)</u> | <u>\$ (2,500,090)</u> | <u>\$ (3,426,341)</u> | <u>\$ (4,278,898)</u> | <u>\$ (37,325,044)</u> |
| Basic and diluted loss per share | <u>\$ (0.05)</u> | <u>\$ (0.10)</u> | <u>\$ (0.12)</u> | <u>\$ (0.18)</u> | |
| Weighted-average common shares outstanding | <u>32,285,824</u> | <u>24,149,405</u> | <u>29,700,189</u> | <u>24,149,405</u> | |

Summary Balance Sheet Data

(in thousands)

| | June 30, 2010 | December 31, 2009 |
|---------------------------|---------------|-------------------|
| | (unaudited) | |
| Cash and cash equivalents | \$ 5,563 | \$ 3,176 |
| Total assets | \$ 5,872 | \$ 3,620 |
| Stockholders' equity | \$ 4,723 | \$ 2,982 |