

AEOLUS PHARMACEUTICALS, INC.

Form 4

August 21, 2007

**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 \*  
Xmark Opportunity Partners, LLC

2. Issuer Name and Ticker or Trading Symbol  
AEOLUS PHARMACEUTICALS, INC. [AOLS.OB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
08/13/2007

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
 10% Owner  
\_\_\_\_ Other (specify below)

301 TRESSER BOULEVARD, SUITE 1320

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

STAMFORD, CT 06901

(City) (State) (Zip)

**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 (D) Price			
Common Stock, par value \$0.01 per share	08/13/2007 <sup>(4)</sup>		P	5,000 A \$ 0.5444	9,478,082	I <sup>(3)</sup>	See footnote <sup>(3)</sup>
Common Stock, par value \$0.01 per share	08/14/2007 <sup>(4)</sup>		P	2,200 A \$ 0.5336	9,480,282	I <sup>(3)</sup>	See footnote <sup>(3)</sup>
	08/15/2007 <sup>(4)</sup>		P	10,000 A \$ 0.585	9,490,282	I <sup>(3)</sup>	

Common Stock, par value \$0.01 per share								See footnote (3)
Common Stock, par value \$0.01 per share	08/17/2007	P	10,000	A	\$ 0.5	9,500,282	I (3)	See footnote (3)
Common Stock, par value \$0.01 per share	08/21/2007	P	10,000	A	\$ 0.505	9,510,282 (1) (2)	I (1) (2) (3)	See footnotes (1) (2) (3)

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

SEC 1474  
(9-02)

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**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 Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Xmark Opportunity Partners, LLC 301 TRESSER BOULEVARD SUITE 1320 STAMFORD, CT 06901		X		

## Signatures

/s/ Mitchell D. Kaye, Chief Executive Officer of Xmark Opportunity Partners,  
LLC

08/21/2007

\_\_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) As of August 21, 2007, Xmark Opportunity Fund, L.P., a Delaware limited partnership ("Opportunity LP"), held 2,808,196 common shares, \$0.01 par value per share (the "Common Shares"), of Aeolus Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and warrants to purchase up to 660,000 Common Shares of the Company at an exercise price of \$0.50 per share. All of the warrants may be exercised within 60 days of this filing.

(2) As of August 21, 2007, Xmark Opportunity Fund, Ltd., a Cayman Islands exempted company ("Opportunity Ltd"), held 5,678,355 Common Shares of the Company and warrants to purchase up to 990,000 Common Shares of the Company at an exercise price of \$0.50 per share. As of August 21, 2007, Xmark JV Investment Partners, LLC, a Delaware limited liability company ("JV Partners"), held 1,023,731 Common Shares of the Company and warrants to purchase up to 500,000 Common Shares of the Company at an exercise price of \$0.50 per share. All of the warrants may be exercised within 60 days of this filing.

(3) The reporting person, Xmark Opportunity Partners, LLC, a Delaware limited liability company ("Opportunity Partners"), is the sole member of the investment manager of Opportunity LP and Opportunity Ltd, and the investment manager of JV Partners, and, as such, possesses sole power to vote and direct the disposition of all securities of the Company held by Opportunity LP, Opportunity Ltd and JV Partners. Opportunity Partners' interest in the securities reported herein is limited to the extent of its pecuniary interest in Opportunity LP, Opportunity Ltd and JV Partners, if any. Mitchell D. Kaye and David C. Cavalier, the Chief Executive Officer and Chief Operating Officer, respectively, of Xmark Capital Partners, LLC, the Managing Member of Opportunity Partners, share voting and investment power with respect to all securities beneficially owned by Opportunity Partners.

(4) Acquisitions on August 13, August 14 and August 15 were eligible previously for deferred reporting in reliance on Rule 16a-6.

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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