

AEOLUS PHARMACEUTICALS, INC.
Form 4
October 26, 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)
10/18/2007

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ 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)
X 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)
Common Stock, par value \$0.01 per share	10/18/2007 ⁽⁴⁾		L	5,000 A \$ 0.44	9,689,344	I ⁽³⁾	See footnote ⁽³⁾
Common Stock, par value \$0.01 per share	10/19/2007 ⁽⁴⁾		L	11,000 A \$ 0.4291	9,700,344	I ⁽³⁾	See footnote ⁽³⁾
	10/24/2007		P	31,100 A \$ 0.408	9,731,444	I ⁽³⁾	

Common Stock, par value \$0.01 per share									See footnote (3)
Common Stock, par value \$0.01 per share	10/25/2007	P	25,000	A	\$ 0.4	9,756,444 ⁽¹⁾ <u>(2)</u>	I	<u>(1)</u> <u>(2)</u> <u>(3)</u>	See footnotes <u>(1)</u> <u>(2)</u> <u>(3)</u>

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

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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. Nu Deriv Secur Bene Own Follo Repor Trans (Instr
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V (A) (D)		

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

XMARK OPPORTUNITY PARTNERS, LLC, By: Xmark Capital Partners, LLC, its
Managing Member, By: /s/ Mitchell D. Kaye, its Chief Executive Officer

10/26/2007

__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 October 25, 2007, Xmark Opportunity Fund, L.P., a Delaware limited partnership ("Opportunity LP"), held 2,882,045 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 October 25, 2007, Xmark Opportunity Fund, Ltd., a Cayman Islands exempted company ("Opportunity Ltd"), held 5,850,668 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 October 25, 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) The Acquisitions on October 18, 2007 and October 19, 2007 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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