

AEOLUS PHARMACEUTICALS, INC.  
Form 4  
June 08, 2006

**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 \*  
BVF PARTNERS L P/IL

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)  
900 NORTH MICHIGAN AVENUE, SUITE 1100  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
06/06/2006

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

CHICAGO, IL 60611

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

(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 or Price		
COMMON STOCK	06/06/2006		C		148,000 (4) A \$ 0.5	1,451,392 (7) I	See footnotes (1) (2) (3)
COMMON STOCK	06/06/2006		C		96,000 (5) A \$ 0.5	1,547,392 (7) I	See footnotes (1) (2) (3)
COMMON STOCK	06/06/2006		C		231,328 (6) A \$ 0.5	1,778,720 (7) I	See footnotes (1) (2) (3)

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

**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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Series A Convertible Preferred Stock	\$ 0.5	06/06/2006		C	37,000	(8)(9) (8)(9)	Common Stock 148,000 (4)
Series A Convertible Preferred Stock	\$ 0.5	06/06/2006		C	24,000	(8)(9) (8)(9)	Common Stock 96,000 (5)
Series A Convertible Preferred Stock	\$ 0.5	06/06/2006		C	57,832	(8)(9) (8)(9)	Common Stock 231,328 (6)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BVF PARTNERS L P/IL 900 NORTH MICHIGAN AVENUE SUITE 1100 CHICAGO, IL 60611		X		Indirect Beneficial Owner
BVF INC/IL 900 NORTH MICHIGAN AVENUE SUITE 1100 CHICAGO, IL 60611		X		Indirect Beneficial Owner
BIOTECHNOLOGY VALUE FUND L P 900 NORTH MICHIGAN AVENUE SUITE 1100 CHICAGO, IL 60611		X		Indirect Beneficial Owner

BIOTECHNOLOGY VALUE FUND II LP 900 NORTH MICHIGAN AVENUE SUITE 1000 CHICAGO, IL 60611	X	Indirect Beneficial Owner
BVF INVESTMENTS LLC 900 NORTH MICHIGAN AVENUE SUITE 1100 CHICAGO, IL 60611	X	Indirect Beneficial Owner

## Signatures

BVF PARTNERS L.P., By: BVF Inc., its General Partner, By: /s/ Mark N. Lampert, President		06/08/2006
	**Signature of Reporting Person	Date
BIOTECHNOLOGY VALUE FUND, L.P., By: BVF Partners, L.P., its General Partner, By: BVF Inc., its General Partner, By: /s/ Mark N. Lampert, President		06/08/2006
	**Signature of Reporting Person	Date
BIOTECHNOLOGY VALUE FUND II, L.P., By: BVF Partners L.P., its General Partner, By: BVF Inc., its General Partner, By: /s/ Mark N. Lampert, President		06/08/2006
	**Signature of Reporting Person	Date
BVF INVESTMENTS, L.L.C., By: BVF Partners L.P., its Manager, By: BVF Inc., its General Partner, By: /s/ Mark N. Lampert, President		06/08/2006
	**Signature of Reporting Person	Date
BVF INC., By: /s/ Mark N. Lampert, President		06/08/2006
	**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) The shares reported in this response are directly beneficially owned by Biotechnology Value Fund, L.P., a Delaware limited partnership ("BVF") (558,538 shares), Biotechnology Value Fund II, L.P., a Delaware limited partnership ("BVF2") (382,349 shares) and BVF Investments, L.L.C., a Delaware limited liability company ("Investments") (837,833 shares), and indirectly beneficially owned by BVF Partners L.P., a Delaware limited partnership ("Partners") (1,778,720 shares), and by its general partner BVF Inc., a Delaware corporation ("BVF Inc.") (1,778,720 shares), which is also an investment advisor to Partners. Partners is the general partner of BVF and BVF2, and is the manager of Investments.
  - (2) Pursuant to the operating agreement of Investments, Partners is authorized, among other things, to invest the funds of Ziff Asset Management, L.P., the majority member of Investments, in the shares described herein as being beneficially owned by Investments
  - (3) Mark N. Lampert is the sole shareholder and sole director of BVF Inc., and is an officer of BVF, Inc. This joint filing on Form 4 shall not be deemed an admission that Mark N. Lampert is, for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or otherwise, the beneficial owner of any equity securities covered by this joint filing. Mr.Lampert disclaims beneficial ownership of shares reported in this response, except to the extent that he has a pecuniary interest therein.
  - (4) The shares are directly beneficially owned by BVF.
  - (5) The shares are directly beneficially owned by BVF2.
  - (6) The shares are directly beneficially owned by Investments.
  - (7) The securities are indirectly beneficially owned by Partners and BVF Inc.
  - (8)

## Edgar Filing: AEOLUS PHARMACEUTICALS, INC. - Form 4

Each share of Series A Preferred Stock was convertible into two shares of common stock at a conversion price of \$1.00 per share at the time of acquisition of such shares. On June 6, 2006, Aeolus Pharmaceuticals, Inc. (the "Company") publicly announced that it had entered into a Subscription Agreement with certain accredited investors pursuant to which the Company sold to such investors (which did not include the reporting persons) shares of its common stock and warrants exercisable into common stock

- (9) In accordance with the terms of a Conversion Agreement entered into in connection with the Financing, all of the shares of Series A Preferred Stock of the Company (including those held by the reporting persons) were automatically converted to common stock at a conversion price of \$0.50 per share following the closing of the Financing and the reduction of the conversion price from \$1.00 per share to \$0.50 per share pursuant to the Certificate of Designations of the Company.

- (10) The derivative securities beneficially owned as reported in this response are warrants exercisable into common stock of the Company and are directly owned by BVF (170,000 shares), BVF2 (116,000 shares) and Investments (255,664 shares) and indirectly owned by Partners (541,664 shares) and BVF Inc. (541,664 shares). The exercise price of the warrants issued to the reporting persons in November 2005 were each automatically reduced to \$0.50 per share in connection with the Financing.

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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