

Edgar Filing: AEOLUS PHARMACEUTICALS, INC. - Form SC 13G/A

AEOLUS PHARMACEUTICALS, INC.

Form SC 13G/A

February 14, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS
FILED PURSUANT TO RULES 13d-1(b), (c) AND (d)
AND AMENDMENTS THERETO FILED
PURSUANT TO RULE 13d-2(b)
(Amendment No. 3)*

Aeolus Pharmaceuticals Inc.

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

00765G109

(CUSIP Number)

December 31, 2006

Date of Event which Requires Filing of this Statement

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 NAME OF REPORTING PERSON

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PN

See attached for footnotes.

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1 NAME OF REPORTING PERSON

Biotechnology Value Fund II, L.P.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (entities only)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5 SOLE VOTING POWER
	0
	6 SHARED VOTING POWER
	384,279 (1)

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

384,279 (1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

384,279 (1)

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10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) []

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
1.3% (1) (2)

12 TYPE OF REPORTING PERSON (See Instructions)
PN

See attached for footnotes.

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1 NAME OF REPORTING PERSON

BVF Investments, L.L.C.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (entities only)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) [X]

(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER
NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH
0

6 SHARED VOTING POWER

842,482 (1)

7 SOLE DISPOSITIVE POWER

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0

8 SHARED DISPOSITIVE POWER

842,482 (1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

842,482 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

[]

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.8% (1) (2)

12 TYPE OF REPORTING PERSON (See Instructions)

OO

See attached for footnotes.

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1 NAME OF REPORTING PERSON

Investment 10, LLC

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (entities only)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) [X]

(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Illinois

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NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER
	0	
	6	SHARED VOTING POWER
	93,595	(1)
	7	SOLE DISPOSITIVE POWER
	0	
	8	SHARED DISPOSITIVE POWER
	93,595	(1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

93,595 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

[]

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.3% (1) (2)

12 TYPE OF REPORTING PERSON (See Instructions)

OO

See attached for footnotes.

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1 NAME OF REPORTING PERSON

BVF Partners L.P.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (entities only)

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) [X]
(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 0

6 SHARED VOTING POWER
1,881,869 (1)

7 SOLE DISPOSITIVE POWER
0

8 SHARED DISPOSITIVE POWER
1,881,869 (1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,881,869 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)
 []

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
6.3% (1) (2)

12 TYPE OF REPORTING PERSON (See Instructions)
PN

See attached for footnotes.

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1 NAME OF REPORTING PERSON

BVF Inc.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (entities only)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

5 SOLE VOTING POWER

0

6 SHARED VOTING POWER

1,881,869 (1)

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

1,881,869 (1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,881,869 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)

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11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
6.3%(1)(2)

12 TYPE OF REPORTING PERSON (See Instructions)
IA, CO

See attached for footnotes.

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The following footnotes relate to pages 2 thru 7:

(1) With respect to each Reporting Person, the following securities are held, as follows (See Items 2(a) and 2(d) for defined terms for each entity and all other capitalized terms below):

Security Type	BVF	BVF2	Investments	ILL10	Partners	BVF Inc.
Common Stock	391,513	268,279	586,818	65,259	1,311,869	1,311,869
Warrants	170,000	116,000	255,664	28,336	570,000	570,000

The Warrants may be exercised at any time until expiration for shares of the issuer's Common Stock at an exercise price of \$0.50 per share or \$4.00 per share, as applicable (each subject to adjustment). The Warrants are exercisable until April 19, 2009 or November 21, 2010, as applicable.

(2) The percentage calculations are based on 29,835,249 shares of Common Stock outstanding determined as follows: (x) 29,265,249 shares of Common Stock outstanding plus (y) 570,000 shares of Common Stock issuable upon exercise of the Warrants held by the Reporting Persons.

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Item 1(a). Name of Issuer:

Aeolus Pharmaceuticals, Inc. ("Aeolus")

Item 1(b). Address of Issuer's Principal Executive Offices:

23811 Inverness Place
Laguna Niguel, California 92677

Item 2(a). Names of Person Filing

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This Amendment No. 3 to Schedule 13G is being filed on behalf of the following persons (the "Reporting Persons"):

- (i) Biotechnology Value Fund, L.P. ("BVF")
- (ii) Biotechnology Value Fund II, L.P. ("BVF2")
- (iii) BVF Investments, L.L.C. ("Investments")
- (iv) Investment 10, L.L.C. ("ILL10")
- (v) BVF Partners L.P. ("Partners")
- (vi) BVF Inc. ("BVF Inc.")

Item 2(b). Address of Principal Business Office or, if none, Residence:

The principal business office of the Reporting Persons comprising the group filing this Amendment No. 3 to Schedule 13G is located at 900 North Michigan Avenue, Suite 1100, Chicago, Illinois, 60611.

Item 2(c). Citizenship or Place of Organization:

BVF: a Delaware limited partnership
BVF2: a Delaware limited partnership
Investments: a Delaware limited liability company
ILL10: an Illinois limited liability company
Partners: a Delaware limited partnership
BVF Inc.: a Delaware corporation

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Item 2(d). Title of Class of Securities:

This Amendment No. 3 to Schedule 13G is being filed with respect to the common stock, par value \$0.01 per share (the "Common Stock"), of Aeolus. The Reporting Persons' percentage ownership of Common Stock is based on (i) 29,265,249 shares of Common Stock being outstanding, and (ii) the beneficial ownership by the Reporting Persons of 570,000 warrants (the "Warrants") to purchase an equivalent number of shares of the Common Stock. See the discussion in footnote (1) for a further description of the Warrants.

As of December 31, 2006, (i) BVF beneficially owned 561,513 shares of Common Stock, of which 170,000 shares are attributable to Warrants; (ii) BVF2 beneficially owned 384,279 shares of Common Stock, of which 116,000 shares are attributable to Warrants; (iii) Investments beneficially owned 842,482 shares of Common Stock, of which 255,664 shares are attributable to Warrants; and (iv) ILL10 beneficially owned 93,595 shares of Common Stock, of which 28,336 shares are attributable to Warrants. Beneficial ownership by Partners and BVF Inc. includes 1,881,869 shares of Common Stock, of which 570,000 shares are attributable to Warrants.

Item 2(e). CUSIP Number:

00765G109

Item 3. If this Statement is Filed Pursuant to Rule 13d-1(B), or 13d-2(B) or (C)

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Dated: February 13, 2007

BIOTECHNOLOGY VALUE FUND, L.P.

By: BVF Partners L.P., its general partner

By: BVF Inc., its general partner

By: /s/ MARK N. LAMPERT

Mark N. Lampert
President

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

Mark N. Lampert
President

BVF INVESTMENTS, L.L.C.

By: BVF Partners L.P., its manager

By: BVF Inc., its general partner

By: /s/ MARK N. LAMPERT

Mark N. Lampert
President

INVESTMENT 10, L.L.C.

By: BVF Partners L.P., its attorney-in-fact

By: BVF Inc., its general partner

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By: /s/ MARK N. LAMPERT

Mark N. Lampert
President

BVF PARTNERS L.P.

By: BVF Inc., its general partner

By: /s/ MARK N. LAMPERT

Mark N. Lampert
President

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BVF INC.

By: /s/ MARK N. LAMPERT

Mark N. Lampert
President