

AEOLUS PHARMACEUTICALS, INC.

Form 8-K

December 12, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 11, 2008

AEOLUS PHARMACEUTICALS, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

0-50481  
(Commission File Number)

56-1953785  
(IRS Employer Identification  
No.)

26361 Crown Valley Parkway, Suite 150  
Mission Viejo, California 92691  
(Address of Principal Executive Offices, Including Zip Code)

949-481-9825  
(Registrant's Telephone Number, Including Area Code)

23811 Inverness Place  
Laguna Niguel, California 92677  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
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- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - £ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

On December 11, 2008 the Board of Directors of Aeolus Pharmaceuticals, Inc. adopted a new compensation program for outside directors which provides solely for stock based compensation rather than cash and stock based compensation permitted under the Company's prior compensation program for outside directors. The new program is effective as of July 1, 2008 and provides for the following:

- Each non-executive Board member shall be eligible to receive nonqualified stock options for up to an aggregate of 45,000 shares per year based upon the number of meetings attended by the non-executive Board member during the year. The option exercise prices shall be equal to the closing price of the Common Stock on the grant date. The options shall have 10-year terms and vest, as long as the director remains on the Board, on a monthly basis over a 12-month period beginning on the date of grant. Unvested options expire upon resignation or termination from the Board.
- In addition, each Audit Committee member shall be eligible to receive a nonqualified stock option for up to an aggregate of 15,000 shares per year based the number of Audit Committee meetings attended by the Audit Committee member during the year. The option exercise prices shall be equal to the closing price of the Common Stock on the grant date. The options shall have 10-year terms and vest, as long as the director remains on the Board, on a monthly basis over a 12-month period beginning on the date of grant. Unvested options expire upon resignation or termination from the Board.

Members of the Board of Directors will not be entitled to receive any cash compensation for their service as directors, but will be entitled to receive reimbursement for their reasonable expenses incurred in attending Board of Directors and committee meetings.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

AEOLUS PHARMACEUTICALS, INC.

Date: December 12, 2008

/s/ Michael P. McManus\_\_\_\_\_

Michael P. McManus

Chief Financial Officer, Treasurer and Secretary