

August 13, 2010



Aeolus Pharmaceuticals Announces Third Quarter Fiscal Year 2010 Financial Results

MISSION VIEJO, Calif.-- Aeolus Pharmaceuticals, Inc. (OTCBB: AOLS) announced today financial results for the three months ended June 30, 2010. The Company reported a net loss of \$4,623,000, or \$0.10 per share, compared to a net loss of \$426,000, or \$0.01 per share, for the three months ended June 30, 2009. The third quarter 2010 results include a non-cash financing and change in valuation charge of \$3,856,000. Loss from operations for the three months ended June 30, 2010 were \$750,000 compared to \$445,000 for the three months ended June 30, 2009.

"Significant progress continues in our development programs for AEOL 10150 as a Medical Countermeasure (MCM) for radiation, chlorine gas and sulfur mustard gas exposure and AEOL 11207 as a potential therapy for Parkinson's disease and epilepsy," stated John L. McManus, President and Chief Executive Officer. "We have successfully leveraged the funding and support our research collaborators receive from the NIH CounterACT and NIH-NIAID programs as well as patient advocacy groups such as the Michael J Fox Foundation to establish eight research programs which address a range of unmet medical needs."

Research and development expenses increased about \$145,000 for the three months ended June 30, 2010 due to an increase in Lung ARS related research activities. Preclinical fees also increased by about \$52,000 over the comparable period in 2009 due to increased animal study activity to support the Company's ARS development program. The Company currently has eight studies in progress including studies of AEOL 10150 as a potential countermeasure against the effects of: radiation on the lungs in mice and non-human primates and the gastro-intestinal tract in mice, chlorine gas on the lungs in mice and sulfur mustard gas on the lungs in rats and skin in mice, and studies of AEOL 11207 as a potential treatment for epilepsy and for Parkinson's disease.

General and administrative expenses increased by \$160,000 for the three months ended June 30, 2010 due to an increase in salary, investor relations expense and legal fees. Salaries and wages increased by approximately \$38,000 due to the hiring of a new employee during the first quarter of fiscal 2010. Investor relations expenses increased by \$48,000, due to increased IR-related activities performed by outside consultants, and legal fees increased by \$43,000.

As of June 30, 2010, the Company had \$457,000 in cash and cash equivalents and 48,224,320 common shares outstanding. The company raised an additional \$2.65 million through the issuance of equity and warrants during July and August of 2010.

About Aeolus Pharmaceuticals

Aeolus is developing a variety of therapeutic agents based on its proprietary small molecule catalytic antioxidants, with AEOL 10150 being the first to enter human clinical evaluation. AEOL 10150 is a patented, small molecule catalytic antioxidant that mimics and thereby amplifies the body's natural enzymatic systems for eliminating reactive oxygen species, or free radicals. Studies funded by the National Institutes for Health are currently underway evaluating AEOL 10150 as a treatment for exposure to radiation, mustard gas and chlorine gas.

The statements in this press release that are not purely statements of historical fact are forward-looking statements. Such statements include, but are not limited to, those relating to Aeolus' product candidates, as well as its proprietary technologies and research programs. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Aeolus' actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Important factors that could cause results to differ include risks associated with uncertainties of progress and timing of clinical trials, scientific research and product development activities, difficulties or delays in development, testing, obtaining regulatory approval, the need to obtain funding for pre-clinical and clinical trials and operations, the scope and validity of intellectual property protection for Aeolus' product candidates, proprietary technologies and their uses, and competition from other biopharmaceutical companies. Certain of these factors and others are more fully described in Aeolus' filings with the Securities and Exchange Commission, including, but not limited to, Aeolus' Annual Report on Form 10-K for the year ended September 30, 2009. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

AEOLUS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Revenue				
Grant income	\$ -	\$ -	\$ -	\$ -
Costs and expenses:				
Research and development	275	130	885	469
General and administrative	475	315	1,337	903
Total costs and expenses	750	445	2,222	1,372

Loss from operations	(750)	(445)	(2,222)	(1,372)
Interest income (expense), net	(17)	(114)	(860)	(322)
Other (expense) income, net	(3,856)	133	(9,899)	144
Net loss	\$ (4,623)	\$ (426)	\$ (12,981)	\$ (1,550)

Net loss per weighted share
attributable to common
stockholders:

Basic & Diluted	\$ (0.10)	\$ (0.01)	\$ (0.27)	\$ (0.05)
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Weighted average common shares
outstanding:

Basic & Diluted	48,224	37,468	47,652	33,865
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Selected Balance Items:

(in thousands)

June 30, 2010 September 30, 2009

(Unaudited)

Cash and cash equivalents	\$ 457	\$ 646
Total assets	\$ 539	\$ 811
Stockholders' deficit	\$ (15,144)	\$ (1,157)

Source: Aeolus Pharmaceuticals, Inc.