

Otonomy, Inc.
Form 4
August 19, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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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 *
Lichter Jay

(Last) (First) (Middle)

C/O AVALON VENTURES, 1134
KLINE STREET

(Street)

LA JOLLA, CA 92037

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Otonomy, Inc. [OTIC]

3. Date of Earliest Transaction
(Month/Day/Year)
08/18/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

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 Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	08/18/2014		C	740,057 A (2)	748,589	I	See footnote (1)
Common Stock	08/18/2014		C	660,580 A (3)	1,409,169	I	See footnote (1)
Common Stock	08/18/2014		X	91,011 A \$ 8.79	1,500,180	I	See footnotes (1) (7)
Common Stock	08/18/2014		S	50,001 D \$ 16	1,450,179	I	See footnotes (1) (7)
	08/18/2014		C	705,598 A (3)	705,598	I	

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Common Stock								See footnote <u>(4)</u>	
Common Stock	08/18/2014		P	109,375	A	\$ 16	814,973	I	See footnotes <u>(4)</u> <u>(8)</u>

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

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SEC 1474
(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 Security (Instr. 3 and 4)	
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount
Series A Preferred Stock	<u>(2)</u>	08/18/2014		C		337,432	<u>(2)</u>	<u>(2)</u>	Common Stock	740
Series B Preferred Stock	<u>(3)</u>	08/18/2014		C		175,889	<u>(3)</u>	<u>(3)</u>	Common Stock	175
Series C Preferred Stock	<u>(3)</u>	08/18/2014		C		484,691	<u>(3)</u>	<u>(3)</u>	Common Stock	484
Series C Preferred Stock	<u>(3)</u>	08/18/2014		C		568,828	<u>(3)</u>	<u>(3)</u>	Common Stock	568
Series D Preferred Stock	<u>(3)</u>	08/18/2014		C		136,770	<u>(3)</u>	<u>(3)</u>	Common Stock	136
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014		C		6,432 <u>(2)</u>	<u>(5)</u>	11/04/2018	Series A Preferred Stock	6,
Common Stock Warrant	\$ 14.1773	08/18/2014		C		14,106 <u>(2)</u>	<u>(5)</u>	11/04/2018	Common Stock	14

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(right to buy)										
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	12/08/2018	Series A Preferred Stock	6,		
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	12/08/2018	Common Stock	14		
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	01/14/2019	Series A Preferred Stock	6,		
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	01/14/2019	Common Stock	14		
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	04/13/2019	Series A Preferred Stock	6,		
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	04/13/2019	Common Stock	14		
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	07/01/2019	Series A Preferred Stock	6,		
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	07/01/2019	Common Stock	14		

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Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	10/08/2019	Series A Preferred Stock	6,
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	10/08/2019	Common Stock	14
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	12/15/2019	Series A Preferred Stock	6,
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	12/15/2019	Common Stock	14
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	01/22/2020	Series A Preferred Stock	6,
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	01/22/2020	Common Stock	14
Series A Preferred Stock Warrant (right to buy)	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	04/01/2020	Series A Preferred Stock	6,
Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 ⁽²⁾	<u>(5)</u>	04/01/2020	Common Stock	14
Series A Preferred Stock	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	05/28/2020	Series A Preferred Stock	6,

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The Series A Convertible Preferred Stock automatically converted into Common Stock on a 2.193204365 to one basis immediately prior to the completion of the Issuer's initial public offering of common stock and had no expiration date.

- (3) Each of the Series B Convertible Preferred Stock, Series C Convertible Preferred Stock and Series D Convertible Preferred Stock automatically converted into Common Stock on a one to one basis immediately prior to the completion of the Issuer's initial public offering of common stock and had no expiration date.

- (4) The reported securities are held of record by Avalon Ventures X, L.P. ("Avalon X LP"). The Reporting Person is a managing director of Avalon Ventures X GP, LLC ("Avalon X GP"), the general partner of Avalon X LP, and disclaims beneficial ownership of the securities held by Avalon X LP except to the extent of any pecuniary interest therein.

- (5) The warrants are immediately exercisable.

- (6) The Series C Preferred Stock Warrants automatically converted into Common Stock Warrants on a one to one basis immediately prior to the completion of the Issuer's initial public offering of common stock.

- (7) Avalon VIII LP exercised the warrants to purchase 91,011 shares of Issuer Common Stock for \$8.79 per share immediately prior to the completion of the Issuer's initial public offering of common stock. Avalon VIII LP paid the exercise price on a cashless basis, resulting in Issuer's withholding of 50,001 of the warrant shares to pay the exercise price and issuing to Avalon VIII LP the remaining 41,010 shares. The shares issued pursuant to such exercise remain subject to a 180-day lock-up restriction.

- (8) Avalon X LP purchased 109,375 shares of Issuer Common Stock in the Issuer's initial public offering.

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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