

Otonomy, Inc.
Form 4
August 19, 2014

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 *
ORBIMED ADVISORS LLC

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
601 LEXINGTON AVE., 54TH FLOOR

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

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

(Street)
NEW YORK, NY 10022

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

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 | (A) or (D) | Price | | |
| Common Stock | 08/18/2014 | | C | | 2,084,523 | A | \$ 16 2,084,523 | I | See footnotes (2) (3) |
| Common Stock | 08/18/2014 | | P | | 171,875 | A | \$ 16 2,256,398 | I | See footnotes (2) (3) |

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

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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 C Preferred Stock | (1) | 08/18/2014 | | C | 1,706,484 | (1) | (1) | Common Stock | 1,706,484 |
| Series D Preferred Stock | (1) | 08/18/2014 | | C | 378,039 | (1) | (1) | Common Stock | 378,039 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| ORBIMED ADVISORS LLC 601 LEXINGTON AVE., 54TH FLOOR NEW YORK, NY 10022 | | X | | |
| OrbiMed Capital GP IV LLC 601 LEXINGTON AVE., 54TH FLOOR NEW YORK, NY 10022 | | X | | |
| ISALY SAMUEL D 601 LEXINGTON AVE., 54TH FLOOR NEW YORK, NY 10022 | | X | | |

Signatures

/s/ Samuel D. 08/18/2014
Isaly

**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).

- The Series C Convertible Preferred Stock and the Series D Convertible Preferred Stock automatically converted into Common Stock, for
- (1) no additional consideration, on a one-for-one basis immediately prior to the completion of the Issuer's initial public offering of Common Stock and had no expiration date.
 - (2) The reported securities are held of record by OrbiMed Private Investments IV, LP ("OPI IV"). OrbiMed Capital GP IV LLC ("GP IV") is the sole general partner of OPI IV, and OrbiMed Advisors LLC ("Advisors"), a registered adviser under the Investment Advisers Act of 1940, as amended, is the sole managing member of GP IV. Samuel D. Isaly ("Isaly"), a natural person, is the managing member of, and

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owner of a controlling interest in, Advisors. By virtue of such relationships, GP IV, Advisors and Isaly may be deemed to have voting and investment power with respect to the securities held by OPI IV and as a result may be deemed to have beneficial ownership over such securities. The Reporting Persons have designated a representative, currently Chau Khuong, a Private Equity Partner of Advisors, to serve on the Issuer's board of directors.

- (3) This report on Form 4 is jointly filed by GP IV, Advisors and Isaly. Each of the Reporting Persons disclaims beneficial ownership of the securities reported herein for purposes of Rule 16a-1(a) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent of its or his pecuniary interest therein, if any. This report on Form 4 shall not be deemed an admission that any of the Reporting Persons is a beneficial owner of such securities for the purpose of Section 16 of the Exchange Act, or for any other purpose.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.