

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, 2015
Estimated average burden hours per response... 0.5

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 *
Avalon Ventures VIII LP

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)
1134 KLINE STREET
(Street)

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

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

LA JOLLA, CA 92037

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

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
X Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	08/18/2014		C		740,057	A	②	748,589	D ⁽¹⁾
Common Stock	08/18/2014		C		660,580	A	③	1,409,169	D ⁽¹⁾
Common Stock	08/18/2014		X		91,011	A	\$ 8.79	1,500,180	D ⁽¹⁾ ⁽⁷⁾
Common Stock	08/18/2014		S		50,001	D	\$ 16	1,450,179	D ⁽¹⁾ ⁽⁷⁾
Common Stock	08/18/2014		C		705,598	A	③	705,598	I
	08/18/2014		P		109,375	A	\$ 16	814,973	I

See footnote ⁽⁴⁾

Common
Stock

See
footnotes
(4) (8)

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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)	Amount of Underlying Security (Instr. 3 and 4)
					V	(A)	(D)	Date Exercisable		
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 (right to buy)	\$ 14.1773	08/18/2014		C		14,106 <u>(2)</u>	<u>(5)</u>	11/04/2018	Common Stock	14

Edgar Filing: Otonomy, Inc. - Form 4

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
Series A Preferred Stock	\$ 31.092	08/18/2014	C	6,432 ⁽²⁾	<u>(5)</u>	10/08/2019	Series A Preferred Stock	6,

Edgar Filing: Otonomy, Inc. - Form 4

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

Common Stock Warrant (right to buy)	\$ 14.1773	08/18/2014	C	14,106 (2)	(5)	05/28/2020	Common Stock	14
Series C Preferred Stock Warrant (right to buy)	\$ 8.79	08/18/2014	C	91,011 (6)	(5)	08/18/2014	Series C Preferred Stock (3)	91
Common Stock Warrant (right to buy)	\$ 8.79	08/18/2014	C	91,011 (6)	(5)	08/18/2014	Common Stock	91
Common Stock Warrant (right to buy)	\$ 8.79	08/18/2014	X	91,011	(5)	08/18/2014	Common Stock	91

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Avalon Ventures VIII LP 1134 KLINE STREET LA JOLLA, CA 92037		X		
Avalon Ventures X, L.P. 1134 KLINE STREET LA JOLLA, CA 92037		X		

Signatures

/s/ Douglas Downs, a managing member of Avalon Ventures VIII GP, LLC, the General Partner of Avalon Ventures VIII, L.P. 08/18/2014

**Signature of Reporting Person Date

/s/ Douglas Downs, a managing member of Avalon Ventures X GP, LLC, the General Partner of Avalon Ventures X, L.P. 08/18/2014

**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).

(1)

Edgar Filing: Otonomy, Inc. - Form 4

Avalon Ventures VIII GP, LLC ("Avalon VIII GP"), the general partner of Avalon Ventures VIII, L.P. ("Avalon VIII LP"), has sole voting and dispositive power with respect to the securities held by Avalon VIII LP. Kevin Kinsella, Stephen Tomlin, Richard Levandov, Braden Bohrmann, Douglas Downs and Jay Lichter, one of our directors, are the managing directors of Avalon VIII GP. Such persons and entities disclaim beneficial ownership of the securities held by Avalon VIII LP except to the extent of any pecuniary interest therein.

- (2) 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.

The reported securities are held of record by Avalon Ventures X, L.P. ("Avalon X LP"). Avalon Ventures X GP, LLC ("Avalon X GP"), the general partner of Avalon X LP, has sole voting and dispositive power with respect to the securities held by Avalon X LP. Kevin Kinsella, Stephen Tomlin, Richard Levandov, Braden Bohrmann, Douglas Downs and Jay Lichter, one of our directors, are the managing directors of Avalon X GP. Such persons and entities disclaim 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.

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.