

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

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 *
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 Indirect Beneficial Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|---|-----------------------|
| | | | Code | V | Amount | (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 | |

Edgar Filing: Otonomy, Inc. - Form 4

| | | | | | | | | | |
|--------------|------------|--|---|---------|---|-------|---------|-------------------------|-------------------------------------|
| 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.

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) | |
|---|--|--------------------------------------|--|--------------------------------|---|-------------------|--|-----------------|---|---------|
| | | | | | (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 | 740,000 |
| Series B Preferred Stock | <u>(3)</u> | 08/18/2014 | | C | | 175,889 | <u>(3)</u> | <u>(3)</u> | Common Stock | 175,889 |
| Series C Preferred Stock | <u>(3)</u> | 08/18/2014 | | C | | 484,691 | <u>(3)</u> | <u>(3)</u> | Common Stock | 484,691 |
| Series C Preferred Stock | <u>(3)</u> | 08/18/2014 | | C | | 568,828 | <u>(3)</u> | <u>(3)</u> | Common Stock | 568,828 |
| Series D Preferred Stock | <u>(3)</u> | 08/18/2014 | | C | | 136,770 | <u>(3)</u> | <u>(3)</u> | Common Stock | 136,770 |
| 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 | 6,432 |
| Common Stock Warrant | \$ 14.1773 | 08/18/2014 | | C | | 14,106 <u>(2)</u> | <u>(5)</u> | 11/04/2018 | Common Stock | 14,106 |

Edgar Filing: Otonomy, Inc. - Form 4

| | | | | | | | | | | |
|---|------------|------------|---|-----------------------|------------|------------|--------------------------|----|--|--|
| (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 | | |

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> | 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, |

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

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Lichter Jay C/O AVALON VENTURES 1134 KLINE STREET LA JOLLA, CA 92037 | X | X | | |

Signatures

/s/ Paul E. Cayer, by power of attorney
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).

The reported securities are held of record by Avalon Ventures VIII, L.P. ("Avalon VIII LP"). The Reporting Person is a managing (1) director of Avalon Ventures VIII GP, LLC ("Avalon VIII GP"), the general partner of Avalon VIII LP, and disclaims beneficial ownership of the securities held by Avalon VIII LP except to the extent of any pecuniary interest therein.

(2)

Edgar Filing: Otonomy, Inc. - Form 4

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.

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.