

Otonomy, Inc.
Form 3
August 12, 2014

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 * | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol |
| Â Avalon Ventures VIII LP | (Month/Day/Year) | Otonomy, Inc. [OTIC] |
| (Last) (First) (Middle) | 08/12/2014 | |
| 1134 KLINE STREET | | 4. Relationship of Reporting Person(s) to Issuer |
| (Street) | | (Check all applicable) |
| | | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| LA JOLLA,Â CAÂ 92037 | | 6. Individual or Joint/Group Filing(Check Applicable Line) |
| (City) (State) (Zip) | | ____ Form filed by One Reporting Person |
| | | ____ Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|------------------------------------|--|---|--|
| Common Stock | 8,532 | I | See footnote ⁽¹⁾ |

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

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|--|--|--|
| | Date Exercisable Expiration Date | Title Amount or Number of | | | |

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| | | | | Shares | | (I) (Instr. 5) | |
|---|--------------|--------------|-------------------------------------|-----------------------|---------------|-------------------|-------------------------|
| Series A Preferred Stock | Â <u>(2)</u> | Â <u>(2)</u> | Common Stock | 740,057 | \$ <u>(2)</u> | I | See footnote <u>(1)</u> |
| Series B Preferred Stock | Â <u>(3)</u> | Â <u>(3)</u> | Common Stock | 175,889 | \$ <u>(3)</u> | I | See footnote <u>(1)</u> |
| Series C Preferred Stock | Â <u>(3)</u> | Â <u>(3)</u> | Common Stock | 484,691 | \$ <u>(3)</u> | I | See footnote <u>(1)</u> |
| Series C Preferred Stock | Â <u>(3)</u> | Â <u>(3)</u> | Common Stock | 568,828 <u>(3)</u> | \$ <u>(3)</u> | I | See footnote <u>(4)</u> |
| Series D Preferred Stock | Â <u>(3)</u> | Â <u>(3)</u> | Common Stock | 136,770 | \$ <u>(3)</u> | I | See footnote <u>(4)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 11/04/2018 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 12/08/2018 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 01/14/2019 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 04/13/2019 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 07/01/2019 | Series A Preferred Stock | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 10/08/2019 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 12/15/2019 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 01/22/2020 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 04/01/2020 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| Series A Preferred Stock Warrant (right to buy) | Â <u>(5)</u> | 05/28/2020 | Series A Preferred Stock <u>(2)</u> | 6,432 | \$ 31.092 | I | See footnote <u>(1)</u> |
| | Â <u>(5)</u> | 08/18/2014 | | 48,539 | \$ 8.79 | I | See footnote <u>(1)</u> |

Series C Preferred Stock
Warrant (right to buy)Series C
Preferred
Stock ⁽³⁾Series C Preferred Stock
Warrant (right to buy)Â ⁽⁵⁾

08/18/2014

Series C
Preferred
Stock ⁽³⁾

42,472

\$ 8.79

I

See footnote ⁽¹⁾

Reporting Owners

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

Signatures

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

08/12/2014

**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.

08/12/2014

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 5(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"). Avalon Ventures VIII GP, LLC ("Avalon VIII GP"), the general partner of 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 shall automatically convert 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 has no expiration date.

(3) Each of the Series B Convertible Preferred Stock, Series C Convertible Preferred Stock and Series D Convertible Preferred Stock shall automatically convert into Common Stock on a one for one basis immediately prior to the completion of the Issuer's initial public offering of common stock and has 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.

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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