

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	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
LA JOLLA, CA 92037			<input type="checkbox"/> Director	<input checked="" type="checkbox"/> 10% Owner
(City)	(State)	(Zip)	<input type="checkbox"/> Officer	<input type="checkbox"/> Other
			(give title below)	(specify below)
				6. Individual or Joint/Group Filing(Check Applicable Line)
				<input type="checkbox"/> Form filed by One Reporting Person
				<input checked="" type="checkbox"/> 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 <sup>(1)</sup>

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 <sup>(3)</sup>				
Series C Preferred Stock Warrant (right to buy)	Â <sup>(5)</sup>	08/18/2014	Series C Preferred Stock <sup>(3)</sup>	42,472	\$ 8.79	I	See footnote <sup>(1)</sup>

## 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.

(1) 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.

(2) 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.

(3) 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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