

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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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 *
MCKEARN JOHN P

(Last) (First) (Middle)

C/O RIVERVEST VENTURE PARTNERS, 7733 FORSYTH BOULEVARD, SUITE 1650

(Street)

ST. LOUIS, MO 63105

(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 | | 778,052 | A | Ⓛ | 778,052 | I | See footnotes (2) (4) |
| Common Stock | 08/18/2014 | | X | | 35,785 | A | \$ 8.79 | 813,837 | I | See footnotes (2) (4) (7) |
| Common Stock | 08/18/2014 | | S | | 19,660 | D | \$ 8.79 | 794,177 | I | See footnotes (2) (4) (7) |
| Common | 08/18/2014 | | C | | 211,331 | A | Ⓛ | 211,331 | I | See |

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| Stock | | | | | | | | footnotes (3) (4) |
|--------------|------------|---|-------|---|---------|---------|---|---------------------------|
| Common Stock | 08/18/2014 | X | 9,720 | A | \$ 8.79 | 221,051 | I | See footnotes (3) (4) (8) |
| Common Stock | 08/18/2014 | S | 5,340 | D | \$ 8.79 | 215,711 | I | See footnotes (3) (4) (8) |

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

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(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 | |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|-------------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount of Underlying Security |
| Series B Preferred Stock | (1) | 08/18/2014 | | C | V (A) (D) | (1) (1) | Common Stock | 155,000 | |
| Series C Preferred Stock | (1) | 08/18/2014 | | C | V (A) (D) | (1) (1) | Common Stock | 481,000 | |
| Series D Preferred Stock | (1) | 08/18/2014 | | C | V (A) (D) | (1) (1) | Common Stock | 141,000 | |
| Series C Preferred Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | | C | V (A) (D) | (5) (6) | Series C Preferred Stock (1) | 19,085 | |
| Common Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | | C | V (A) (D) | (5) (6) | Common Stock | 19,085 | |
| | \$ 8.79 | 08/18/2014 | | X | V (A) (D) | (5) (6) | | 19,085 | |

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| | | | | | | | | | |
|---|------------|------------|---|----------------------|------------|------------|-------------------------------------|--------------|--|
| Common Stock Warrant (right to buy) | | | | | | | | Common Stock | |
| Series C Preferred Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | C | 16,700 <u>(6)</u> | <u>(5)</u> | 08/18/2014 | Series C Preferred Stock <u>(1)</u> | 16 | |
| Common Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | C | 16,700 <u>(6)</u> | <u>(5)</u> | 08/18/2014 | Common Stock | 16 | |
| Common Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | X | 16,700 | <u>(5)</u> | 08/18/2014 | Common Stock | 16 | |
| Series B Preferred Stock | <u>(1)</u> | 08/18/2014 | C | 42,265 | <u>(1)</u> | <u>(1)</u> | Common Stock | 42 | |
| Series C Preferred Stock | <u>(1)</u> | 08/18/2014 | C | 130,741 | <u>(1)</u> | <u>(1)</u> | Common Stock | 130 | |
| Series D Preferred Stock | <u>(1)</u> | 08/18/2014 | C | 38,325 | <u>(1)</u> | <u>(1)</u> | Common Stock | 38 | |
| Series C Preferred Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | C | 5,184 <u>(8)</u> | <u>(5)</u> | 08/18/2014 | Series C Preferred Stock <u>(1)</u> | 5, | |
| Common Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | C | 5,184 <u>(8)</u> | <u>(5)</u> | 08/18/2014 | Common Stock | 5, | |
| Common Stock Warrant (right to buy) | \$ 8.79 | 08/18/2014 | X | 5,184 | <u>(5)</u> | 08/18/2014 | Common Stock | 5, | |

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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) RiverVest Venture Fund II, L.P. exercised the warrants to purchase 35,785 shares of the Issuer's Common Stock for \$8.79 per share immediately prior to the completion of the Issuer's initial public offering of common stock. RiverVest Venture Fund II, L.P. paid the exercise price on a cashless basis, resulting in the Issuer's withholding of 19,660 of the warrant shares to pay the exercise price and issuing to RiverVest Venture Fund II, L.P. the remaining 16,125 shares. The shares issued pursuant to such exercise remain subject to a 180-day lock-up restriction.

- (8) RiverVest Venture Fund II (Ohio), L.P. exercised the warrants to purchase 9,720 shares of the Issuer's Common Stock for \$8.79 per share immediately prior to the completion of the Issuer's initial public offering of common stock. RiverVest Venture Fund II (Ohio), L.P. paid the exercise price on a cashless basis, resulting in the Issuer's withholding of 5,340 of the warrant shares to pay the exercise price and issuing to RiverVest Venture Fund II (Ohio), L.P. the remaining 4,380 shares. The shares issued pursuant to such exercise remain subject to a 180-day lock-up restriction.

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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