

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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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 *
TPG Group Holdings (SBS) Advisors, Inc.

(Last) (First) (Middle)

C/O TPG GLOBAL, LLC, 301 COMMERCE STREET, SUITE 3300

(Street)

FORT WORTH,, TX 76102

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

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
X 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 | | 1,987,460 | A | (3) 1,987,460 | I | See Explanation of Responses (1) (5) (6) |
| Common Stock | 08/18/2014 | | P | | 171,875 | A | (4) 2,159,335 | I | See Explanation of Responses (1) (5) (6) |

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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) | |
|---|--|--------------------------------------|--|--------------------------------|---|-----------|-----|--|-----------------|---|-----------|
| | | | | | V | (A) | (D) | Date Exercisable | Expiration Date | | |
| Warrant to Purchase Shares of Preferred Stock | (2) | 08/18/2014 | | C | | 68,259 | | (2) | (2) | Series C Preferred Stock | 68,259 |
| Series C Preferred Stock | (3) | 08/18/2014 | | C | | 68,259 | | (3) | (3) | Common Stock | 68,259 |
| Series B Preferred Stock | (3) | 08/18/2014 | | C | | 439,724 | | (3) | (3) | Common Stock | 439,724 |
| Series C Preferred Stock | (3) | 08/18/2014 | | C | | 1,199,695 | | (3) | (3) | Common Stock | 1,199,695 |
| Series D Preferred Stock | (3) | 08/18/2014 | | C | | 348,041 | | (3) | (3) | Common Stock | 348,041 |

Reporting Owners

Reporting Owner Name / Address

Relationships

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Director 10% Owner Officer Other

TPG Group Holdings (SBS) Advisors, Inc.
C/O TPG GLOBAL, LLC
301 COMMERCE STREET, SUITE 3300
FORT WORTH,, TX 76102 X

BONDERMAN DAVID
C/O TPG GLOBAL, LLC
301 COMMERCE STREET, SUITE 3300
FORT WORTH,, TX 76102 X

COULTER JAMES G
C/O TPG GLOBAL, LLC
301 COMMERCE STREET, SUITE 3300
FORT WORTH,, TX 76102 X

Signatures

/s/ Ronald Cami, Vice President, TPG Group Holdings (SBS) Advisors,
Inc. (7) 08/19/2014

**Signature of Reporting Person Date

/s/ Ronald Cami, on behalf of David Bonderman (7) (8) 08/19/2014

**Signature of Reporting Person Date

/s/ Ronald Cami, on behalf of James G. Coulter (7) (8) 08/19/2014

**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) David Bonderman and James G. Coulter are officers and sole shareholders of TPG Group Holdings (SBS) Advisors, Inc. ("Group Advisors" and, together with Messrs. Bonderman and Coulter, the "Reporting Persons"), which is the general partner of TPG Group Holdings (SBS), L.P., which is the sole member of TPG Holdings I-A, LLC, which is the general partner of TPG Holdings I, L.P., which is the sole member of TPG Biotechnology GenPar III Advisors, LLC, which is the general partner of TPG Biotechnology GenPar III, L.P., which is the general partner of TPG Biotechnology Partners III, L.P. ("TPG Biotech III"), which directly holds 2,159,335 shares of Common Stock ("Common Stock") of Otonomy, Inc. (the "Issuer").

(2) In connection with the closing on August 18, 2014 of the Issuer's initial public offering, TPG Biotech III exercised a warrant (the "August 2012 Warrant") to purchase 36,405 shares of Series C Preferred Stock of the Issuer (the "Series C Preferred") and a warrant (the "January 2013 Warrant" and, together with the August 2012 Warrant, the "Warrants") to purchase 31,854 shares of Series C Preferred, in each case at an exercise price of \$8.79 per share of Series C Preferred. Each Warrant had been exercisable at any time on or after the conversion of a note issued by the Issuer pursuant to a note and warrant purchase agreement, dated as of August 23, 2012, until, in the case of the August 2012 Warrant, August 23, 2022 and, in the case of the January 2013 Warrant, January 22, 2023, subject to certain early termination events.

(3) Pursuant to the Fifth Amended and Restated Certificate of Incorporation of the Issuer (the "Certificate of Incorporation"), as amended, on August 18, 2014, the (i) shares of Series B Preferred Stock of the Issuer (the "Series B Preferred") held by TPG Biotech III automatically converted into 439,724 shares of Common Stock, (ii) shares of Series C Preferred held by TPG Biotech III automatically converted into 1,199,695 shares of Common Stock and (iii) shares of Series D Preferred Stock of the Issuer (the "Series D Preferred" and, together with the Series B Preferred and the Series C Preferred, the "Preferred Stock") automatically converted into 348,041 shares of Common Stock. Pursuant to the Certificate of Incorporation, the shares of Preferred Stock had been convertible at the option of the holder, at any time into shares of Common Stock at conversion rates in each case equal to one share of Common Stock per share of Preferred Stock.

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- (4) On August 18, 2014, TPG Biotech III acquired 171,875 shares of Common Stock at a price of \$16.00 per share in connection with the Issuer's initial public offering.

- (5) Because of the relationship between the Reporting Persons and TPG Biotech III, the Reporting Persons may be deemed to beneficially own the securities reported herein to the extent of the greater of their respective direct or indirect pecuniary interests in the profits or capital accounts of TPG Biotech III. Each of TPG Biotech III and each Reporting Person disclaims beneficial ownership of the securities reported herein, except to the extent of TPG Biotech III's or such Reporting Person's pecuniary interest therein, if any.

- (6) Pursuant to Rule 16a-1(a)(4) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this filing shall not be deemed an admission that the Reporting Persons are, for purposes of Section 16 of the Exchange Act or otherwise, the beneficial owners of any equity securities in excess of their respective pecuniary interests.

Remarks:

- (7) The Reporting Persons are jointly filing this Form 4 pursuant to Rule 16a-3(j) under the Exchange Act. (8) Ronald Cami is

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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