

Savel Robert Michael II
 Form 4
 January 23, 2018

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 *
 Savel Robert Michael II

2. Issuer Name and Ticker or Trading Symbol
 OTONOMY, INC. [OTIC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 C/O OTONOMY, INC., 4796 EXECUTIVE DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 01/19/2018

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Chief Technical Officer

SAN DIEGO, CA 92121
 (City) (State) (Zip)

4. If Amendment, Date Original Filed (Month/Day/Year)

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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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

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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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	(A) or (D)	Disposed of (Instr. 3, 4, and 5)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 34.12	01/19/2018	D	(D)	30,000	(1)	12/10/2024	Common Stock	30,000
Employee Stock Option (right to buy)	\$ 14.44	01/19/2018	D	(D)	55,000	(4)	02/28/2026	Common Stock	55,000
Employee Stock Option (right to buy)	\$ 14	01/19/2018	D	(D)	50,000	(6)	03/05/2027	Common Stock	50,000
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	(A)	20,000	(8)	01/18/2026	Common Stock	20,000
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	(A)	36,666	(9)	01/18/2026	Common Stock	36,666
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	(A)	33,333	(10)	01/18/2026	Common Stock	33,333

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Savel Robert Michael II C/O OTONOMY, INC. 4796 EXECUTIVE DRIVE SAN DIEGO, CA 92121			Chief Technical Officer	

Signatures

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

01/23/2018

__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) One-fourth (1/4) of the shares subject to the option vest on December 11, 2015 and one forty-eighth (1/48) of the shares vest monthly thereafter.

On January 19, 2018, in connection with the Issuer's option exchange program, the Issuer cancelled an option for 30,000 shares of common stock granted to the Reporting Person on December 11, 2014. In exchange, the Reporting Person received an option grant for 20,000 shares of common stock with exercise price of \$5.675 per share.
- (2) In addition to the options acquired and disposed of as set forth in Table II, the Reporting Person currently holds options to purchase up to an aggregate of 112,041 shares of common stock, which options vest according to their terms.
- (3) One-fourth (1/4) of the shares subject to the option vest on March 1, 2017 and one forty-eighth (1/48) of the shares vest monthly thereafter.

On January 19, 2018, in connection with the Issuer's option exchange program, the Issuer cancelled an option for 55,000 shares of common stock granted to the Reporting Person on March 1, 2016. In exchange, the Reporting Person received an option grant for 36,666 shares of common stock with exercise price of \$5.675 per share.
- (4) One-fourth (1/4) of the shares subject to the option vest on March 6, 2018 and one forty-eighth (1/48) of the shares vest monthly thereafter.

On January 19, 2018, in connection with the Issuer's option exchange program, the Issuer cancelled an option for 50,000 shares of common stock granted to the Reporting Person on March 6, 2017. In exchange, the Reporting Person received an option grant for 33,333 shares of common stock with exercise price of \$5.675 per share.
- (5) Of the 20,000 total shares subject to the option, 17,917 shares vest on January 19, 2019. Of the remaining 2,083 shares subject to the option, one-third (1/3) of these shares vest on January 19, 2019, and one thirty-sixth (1/36) of these shares vest monthly thereafter.
- (6) Of the 36,666 total shares subject to the option, 21,388 shares vest on January 19, 2019. Of the remaining 15,278 shares subject to the option, one-third (1/3) of these shares vest on January 19, 2019, and one thirty-sixth (1/36) of these shares vest monthly thereafter.
- (7) Of the 33,333 total shares subject to the option, 11,111 shares vest on January 19, 2019. Of the remaining 22,222 shares subject to the option, one-third (1/3) of these shares vest on January 19, 2019, and one thirty-sixth (1/36) of these shares vest monthly thereafter.

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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