



## FOR IMMEDIATE RELEASE

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## Otonomy Closes \$38.5 Million Series B Financing

*Strong Investor Syndicate to Fund Otonomy to Become Leading Company in the Development of Locally Delivered Therapeutics for Ear Disorders*

**SAN DIEGO, Aug. 30, 2010** – [Otonomy, Inc.](#) announced today that it has closed a \$38.5 million Series B financing co-led by Novo Ventures and RiverVest Venture Partners, and joined by Domain Associates and TPG Biotech. This financing is incremental to the \$10 million Series A closed with Avalon Ventures in June 2010. Avalon also participated in the Series B round.

Proceeds from the financing will support Otonomy's first two programs through pivotal clinical studies as well as expansion of the Company's pipeline of locally delivered drugs to treat disorders of the ear.

"We are delighted to have participation in this financing from top-tier venture capital funds," said Jay Lichter, Ph.D., CEO and co-founder of Otonomy, and managing director of Avalon Ventures. "We also welcome the large commitment of funds in this round to support our clinical development activities through registration, and the financial capacity of the investor group, which enables the company to take our products through registration and possibly self-commercialize in the U.S. should we decide to do so."

In conjunction with the financing, Peter Bisgaard, partner of Novo Ventures, Brian Dovey, partner of Domain Associates, John McKearn, Ph.D., venture partner of RiverVest Venture Partners, and Heather Preston, M.D., managing director of TPG Biotech, have been added to the board of directors.

"Novo Ventures have been impressed by the ability of Otonomy's novel delivery technology to generate excellent drug exposure in the target organ, and we expect that this will translate into important new treatment options for patients," said Mr. Bisgaard. "Furthermore, we believe that the development of optimized drug treatments for disorders of the ear represents a very

attractive investment opportunity based on the large population of patients affected and the lack of any FDA-approved drugs for hearing or balance disorders.”

Dr. McKearn added, “Otonomy is a company that we have been following almost since its inception, and we have been pleased to see the rapid progress made by the team in advancing OTO-104 into clinical development and OTO-203 into IND-enabling studies. We are confident that the intellectual property created by Otonomy in the field of sustained release drug delivery to the ear will become very important and valuable as this new field matures.”

[OTO-104](#), Otonomy’s lead product candidate, is a sustained release steroid currently in a Phase 1b clinical trial for patients with [Ménière's disease](#). Otonomy is also developing [OTO-203](#), a combination product for the treatment of otitis media, which is expected to enter clinical trials in 2011. Other product candidates will target acute and chronic forms of hearing loss, balance disorders, and tinnitus.

#### **About Otonomy, Inc.**

Otonomy is a clinical stage biopharmaceutical company developing novel drug therapies for disorders of the inner and middle ear. The company was founded in 2008 by Avalon Ventures together with Jeffrey Harris, MD, PhD, Rick Friedman, MD, PhD and Allen Ryan, PhD, who are preeminent researchers in the otology field. Otonomy’s core technology is a sustained release formulation developed for optimal delivery of drugs from a single intratympanic (IT) injection. Broad applicability of this delivery and formulation technology has already been established across a number of therapeutic classes, and two products have been advanced into active development. The first, OTO-104, is a sustained release formulation of the steroid dexamethasone. A Phase 1b clinical trial is ongoing in Ménière’s disease patients, and future studies are being planned for acute onset hearing loss. Otonomy’s second product, OTO-203, is a sustained release antibiotic/steroid combination product being developed for the treatment of otitis media. OTO-203 clinical trials are expected to begin in 2011.

For more information visit: [www.otonomy.com](http://www.otonomy.com)

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