

OTONOMY, INC.

Comprehensive Compliance Program

I. GENERAL POLICY

Otonomy, Inc. (the “Company” or “Otonomy”) recognizes its common goal with the federal, state and local governments to prevent and reduce fraud and abuse in health care programs. The Company desires to conduct its business in strict adherence with all federal, state and local laws, rules, statutes and regulations applicable to the conduct of its business in this regard, including the requirements of all applicable health care programs, such as Medicare and Medicaid, in conformance with applicable industry guidance such as the Pharmaceutical Research and Manufacturers of America (PhRMA) Code of Interactions with Healthcare Professionals, and applicable regulatory guidance such as the Office of Inspector General of the Department of Health and Human Services’ Compliance Program Guidance for Pharmaceutical Manufacturers April 2003 (collectively, the “Applicable Laws”).

The Company also desires that its personnel conduct themselves in a manner consistent with the highest ethical standards and to actively promote ethical and responsible decision making consistent with the Company’s Code of Conduct and Ethics.

In furtherance thereof, the Board of Directors of the Company has directed the Company to adopt and implement the Otonomy Compliance Program to be consistent with all Applicable Laws as further set forth in this Policy (the “Compliance Program”).

II. SPECIFIC POLICIES

A. Compliance Officer and Compliance Committee

Otonomy shall designate a Compliance Officer to develop, implement and oversee the Compliance Program (a “Compliance Officer”). The Compliance Officer shall report to the Chief Executive Officer of the Company and/or the Chairperson of the Board of Directors or the Chairperson of the Audit Committee of the Board of Directors, as the Board of Directors shall designate. The Compliance Officer is responsible for establishing, implementing and maintaining the Compliance Program and to regularly report on the status of the Compliance Program and ongoing compliance matters to the Company’s Chief Executive Officer and Board of Directors, as may be appropriate. The Compliance Officer may seek assistance with his duties from other Company personnel, or outside resources, as may be appropriate and necessary.

The Compliance Officer shall form a Compliance Committee (a “Committee”) consisting of senior management and other personnel to support and advise him in this effort and to provide oversight to the Compliance Program. The Compliance Committee shall adopt and operate in accordance with a charter, as the same may be amended by the Committee from time to time.

B. Written Standards of Conduct, Policies and Procedures

The Compliance Officer shall prepare written policies and procedures to promote the Company’s compliance with Applicable Laws (“Compliance Policies”). In particular, the Compliance Policies shall be designed to ensure compliance with the recommendations set forth in the “Compliance Program Guidance for Pharmaceutical Manufacturers” of the United States Department of Health and Human Services’ Office of the Inspector General, and in the Pharmaceutical Research and Manufacturers of America Code on Interactions with Healthcare Professionals, commonly known as the “PhRMA Code”.

The Committee is responsible for approving the Compliance Policies. The Compliance Officer will periodically oversee the review and revision of the Compliance Policies as may be appropriate.

C. Training

The Compliance Officer shall oversee the development and implementation of an effective training program for its employees. Compliance Policies shall be made available to all employees. All Otonomy personnel are required to participate in training on Compliance Program topics relevant to their positions as a condition of their employment and certify in writing as to their participation in such training. All employees are required to undergo additional periodic training as deemed necessary by the Compliance Officer and/or Committee.

D. Monitoring and Auditing

Otonomy will routinely monitor its compliance with the Compliance Policies, as well as Applicable Laws. Each such review will be conducted by or under the supervision of the Compliance Officer and in accordance with applicable Compliance Policies, and will be documented and reported to the Committee. Additionally, Otonomy will, from time to time, arrange for an external audit of its Compliance Program to the extent required by Applicable Laws or as otherwise may be deemed advisable by the Compliance Officer and/or Committee.

E. Reporting Violations

Otonomy employees are encouraged to report any known or suspected violations of the Compliance Program to their supervisor, to the Compliance Officer or to any other managing personnel of the Compliance Department. Otonomy has also established an Ethics Helpline that is available 24 hours a day, seven days a week at 1-866-899-1922. Employees may submit anonymous reports through the Ethics Helpline. All reports will be documented and reported to the Committee.

F. Investigations

In the event that Otonomy becomes aware of any known or suspected compliance violation, through either its own routine monitoring or a reported violation, the Compliance Officer will oversee a prompt and thorough investigation of the matter, advise the Committee and, in conjunction with the Committee, appropriate corrective action will be taken which may involve disciplinary action, up to and including termination.

G. Conflict of Authorities

Otonomy's Compliance Program and all Compliance Policies shall supplement (and do not replace) Applicable Laws. Questions regarding the application of any Applicable Laws should be directed to Otonomy's Chief Compliance Officer and/or the Compliance Department.

H. Questions Relating to Otonomy's Compliance Policies

The Compliance Policies do not address every situation that may arise. The absence of a specific guideline, however, does not relieve Otonomy personnel of responsibility for operating with the highest ethical standards of business conduct. Any questions concerning the Compliance Policies or any other legal or business ethics matter not specifically addressed in the Compliance Policies should be directed to the Chief Compliance Officer and/or the Compliance Department.