

NovaBay Pharmaceuticals, Inc.  
 Form 3  
 October 24, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 \*  
 A Dailley Anthony  
 (Last) (First) (Middle)

2. Date of Event Requiring Statement  
 (Month/Day/Year)  
 10/24/2007

3. Issuer Name and Ticker or Trading Symbol  
 NovaBay Pharmaceuticals, Inc. [NBV]

4. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

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

C/O NOVABAY  
 PHARMACEUTICALS,  
 INC., A 5980 HORTON  
 STREET, SUITE 550  
 (Street)

Director  10% Owner  
 Officer  Other  
 (give title below) (specify below)

EMERYVILLE, A CA A 94608  
 (City) (State) (Zip)

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 Beneficially Owned**

| 1. Title of Security<br>(Instr. 4) | 2. Amount of Securities<br>Beneficially Owned<br>(Instr. 4) | 3. Ownership<br>Form:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial<br>Ownership<br>(Instr. 5) |
|------------------------------------|---|---|---|
| Common Stock                       | 75,000  | D   | A   |
| Common Stock                       | 1,861   | I   | By the Anthony Dailley DDS<br>Profit Sharing Plan           |
| Common Stock                       | 85,028  | I   | By the Anthony and Terry<br>Dailley Trust, u/a/d 07/12/1991 |

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

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |                    | 3. Title and Amount of<br>Securities Underlying<br>Derivative Security<br>(Instr. 4) |                                  | 4. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 5. Ownership<br>Form of<br>Derivative<br>Security:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 5) | 6. Nature of Indirect<br>Beneficial Ownership<br>(Instr. 5)       |
|---|--|--------------------|--|----------------------------------|--|--|---|
|   | Date<br>Exercisable  | Expiration<br>Date | Title  | Amount or<br>Number of<br>Shares |  |  |   |
| Series A Preferred Stock                      | Â (1)  | Â (1)              | Common<br>Stock  | 28,572                           | \$ (1)   | I  | By the Anthony<br>and Terry Dailley<br>Trust, u/a/d<br>07/12/1991 |
| Series B Preferred Stock                      | Â (2)  | Â (2)              | Common<br>Stock  | 5,319                            | \$ (2)   | I  | By the Anthony<br>Dailley DDS<br>Profit Sharing<br>Plan           |
| Series B Preferred Stock                      | Â (2)  | Â (2)              | Common<br>Stock  | 16,000                           | \$ (2)   | I  | By the Anthony<br>and Terry Dailley<br>Trust, u/a/d<br>07/12/1991 |
| Series C Preferred Stock                      | Â (3)  | Â (3)              | Common<br>Stock  | 8,823                            | \$ (3)   | I  | By the Anthony<br>and Terry Dailley<br>Trust, u/a/d<br>07/12/1991 |
| Option (right to buy) (4)                     | 05/01/2004   | 04/30/2014         | Common<br>Stock  | 34,000                           | \$ 0.56  | D  | Â   |
| Option (right to buy) (5)                     | 05/24/2006   | 05/24/2016         | Common<br>Stock  | 52,000                           | \$ 1.7   | D  | Â   |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| Dailley Anthony<br>C/O NOVABAY PHARMACEUTICALS, INC.<br>5980 HORTON STREET, SUITE 550<br>EMERYVILLE, CA 94608 | Â X           | Â         | Â       | Â     |

## Signatures

/s/ Jason R. Wisniewski, Attorney-in-Fact for Anthony Dailley

10/24/2007

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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).

The Series A Preferred Stock is immediately convertible into NovaBay Pharmaceuticals, Inc. common stock and has no expiration date.

(1) Effective upon the closing of the Issuer's initial public offering of common stock, the Series A Preferred Stock will automatically convert into the number of shares of common stock of NovaBay Pharmaceuticals, Inc. indicated in Column 3.

The Series B Preferred Stock is immediately convertible into NovaBay Pharmaceuticals, Inc. common stock and has no expiration date.

(2) Effective upon the closing of the Issuer's initial public offering of common stock, the Series B Preferred Stock will automatically convert into the number of shares of common stock of NovaBay Pharmaceuticals, Inc. indicated in Column 3.

The Series C Preferred Stock is immediately convertible into NovaBay Pharmaceuticals, Inc. common stock and has no expiration date.

(3) Effective upon the closing of the Issuer's initial public offering of common stock, the Series C Preferred Stock will automatically convert into the number of shares of common stock of NovaBay Pharmaceuticals, Inc. indicated in Column 3.

(4) Granted pursuant to the Issuer's 2002 Stock Option Plan.

(5) Granted pursuant to the Issuer's 2005 Stock Option Plan.

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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