

NovaBay Pharmaceuticals, Inc.  
 Form 3  
 October 24, 2007

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

OMB APPROVAL

OMB Number: 3235-0104  
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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 * Â Khosrovi Behzad (Last) (First) (Middle)  C/O NOVABAY PHARMACEUTICALS, INC., Â 5980 HORTON STREET, SUITE 550 (Street)  EMERYVILLE, Â CA Â 94608 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 10/24/2007	3. Issuer Name and Ticker or Trading Symbol NovaBay Pharmaceuticals, Inc. [NBY]	4. Relationship of Reporting Person(s) to Issuer  (Check all applicable)  <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) VP, Research & Dev't	5. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	35,000	D	Â

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 (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security	4. Conversion or Exercise	5. Ownership Form of	6. Nature of Indirect Beneficial Ownership
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	Date Exercisable	Expiration Date	(Instr. 4) Title	Amount or Number of Shares	Price of Derivative Security	Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	(Instr. 5)
Series B Preferred Stock	Â (1)	Â (1)	Common Stock	100,000	\$ (1)	D	Â
Option (right to buy) (2)	01/30/2004	01/29/2014	Common Stock	200,000	\$ 0.3	D	Â

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Khosrovi Behzad C/O NOVABAY PHARMACEUTICALS, INC. 5980 HORTON STREET, SUITE 550 EMERYVILLE, CA 94608	Â	Â	Â VP, Research & Dev't	Â

## Signatures

/s/ Jason R. Wisniewski, Attorney-in-Fact for Behzad Khosrovi  
 \*\*Signature of Reporting Person  
 Date 10/24/2007

## 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 B 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 B Preferred Stock will automatically convert into the number of shares of common stock of NovaBay Pharmaceuticals, Inc. indicated in Column 3.
  - (2) Granted pursuant to the Issuer's 2002 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.