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

# Form 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2013**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to _____**

**Commission file number: 001-35993**

# OncoMed Pharmaceuticals, Inc.
**(Exact Name of Registrant as Specified in its Charter)**

| **Delaware** | **38-3572512** |
|---|---|
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |
| **800 Chesapeake Drive Redwood City, California** | **94063** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**(650) 995-8200**
**(Registrant's Telephone Number, Including Area Code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2013, the number of outstanding shares of the registrant's common stock, par value $0.001 per share, was 27,900,059.

**OncoMed Pharmaceuticals, Inc.**
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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**OncoMed Pharmaceuticals, Inc.**
**Condensed Balance Sheets**
**(In thousands, except share and per share amounts)**

| | September 30, 2013 (Unaudited) | December 31, 2012 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 11,092 | $ 16,263 |
| Short-term investments | 117,554 | 49,976 |
| Accounts receivable—collaboration | 10,000 | — |
| Receivables—related parties | 23 | 4,023 |
| Prepaid and other current assets | 1,929 | 1,123 |
| Total current assets | 140,598 | 71,385 |
| Property and equipment, net | 4,569 | 5,462 |
| Other assets | 43 | 2,921 |
| Total assets | $ 145,210 | $ 79,768 |
| **Liabilities, convertible preferred stock, and stockholders' equity (deficit)** | | |
| Current liabilities: | | |
| Accounts payable | $ 2,101 | $ 849 |
| Accrued liabilities | 6,865 | 3,798 |
| Current portion of deferred revenue | 22,726 | 14,726 |
| Current portion of deferred rent | 610 | 560 |
| Liability for shares issued with repurchase rights | 10 | 14 |
| Convertible preferred stock warrant liability | — | 182 |
| Total current liabilities | 32,312 | 20,129 |
| Deferred revenue, less current portion | 8,525 | 17,320 |
| Deferred rent, less current portion | 3,303 | 3,750 |
| Liability for shares issued with repurchase rights, less current portion | 16 | 23 |
| Total liabilities | 44,156 | 41,222 |
| Commitments and contingencies | | |
| Convertible preferred stock, $0.001 par value; no shares and 126,344,544 shares authorized at September 30, 2013 and December 31, 2012, respectively; no shares and 21,180,280 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively; aggregate liquidation value of $187,086 at December 31, 2012 | — | 182,773 |
| Stockholders' equity (deficit): | | |
| Preferred stock, $0.001 par value; 5,000,000 shares and no shares authorized at September 30, 2013 and December 31, 2012, respectively; no shares issued and outstanding at September 30, 2013 and December 31, 2012 | — | — |
| Common stock, $0.001 par value; 145,000,000 and 142,675,102 shares authorized at September 30, 2013 and December 31, 2012, respectively; 27,848,167 shares and 1,075,638 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively | 28 | 6 |
| Convertible Class B common stock, $0.001 par value; no shares and 44,440 shares authorized at September 30, 2013 and December 31, 2012, respectively; no shares and 7,796 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively | — | — |
| Additional paid-in capital | 271,091 | 4,107 |
| Accumulated other comprehensive income | 17 | 15 |
| Accumulated deficit | (170,082) | (148,355) |
| Total stockholders' equity (deficit) | 101,054 | (144,227) |
| Total liabilities, convertible preferred stock, and stockholders' equity (deficit) | $ 145,210 | $ 79,768 |

See accompanying notes.

**ONCOMED PHARMACEUTICALS, INC.**
**Condensed Statements of Operations**
**(Unaudited)**
(In thousands, except share and per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Revenue: | | | | |
| Collaboration revenue—related party | $ 493 | $ 5,493 | $ 1,478 | $ 11,478 |
| Collaboration revenue | 12,439 | 2,250 | 17,317 | 6,250 |
| Grant revenue | — | — | — | 22 |
| Total revenue | 12,932 | 7,743 | 18,795 | 17,750 |
| Operating expenses: | | | | |
| Research and development | 13,126 | 9,496 | 33,176 | 30,391 |
| General and administrative | 3,175 | 1,915 | 7,111 | 5,391 |
| Total operating expenses | 16,301 | 11,411 | 40,287 | 35,782 |
| Loss from operations | (3,369) | (3,668) | (21,492) | (18,032) |
| Interest and other income (expense), net | (117) | 13 | (235) | 92 |
| Net loss | $ (3,486) | $ (3,655) | $ (21,727) | $ (17,940) |
| Net loss per common share, basic and diluted | $ (0.15) | $ (3.45) | $ (2.55) | $ (17.33) |
| Shares used to compute net loss per common share, basic and diluted | 23,178,924 | 1,060,453 | 8,532,470 | 1,035,469 |

See accompanying notes.

**ONCOMED PHARMACEUTICALS, INC.**
**Condensed Statements of Comprehensive Loss**
**(Unaudited)**
(In thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Net loss | $ (3,486) | $ (3,655) | $(21,727) | $(17,940) |
| Other comprehensive income (loss): | | | | |
| Unrealized gain (loss) on available-for-sale securities, net of tax | 2 | 14 | 2 | (10) |
| Total comprehensive loss | $ (3,484) | $ (3,641) | $(21,725) | $(17,950) |

See accompanying notes.

**ONCOMED PHARMACEUTICALS, INC.**
**Condensed Statements of Cash Flows**
**(Unaudited)**
(In thousands)

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2013** | **2012** |
| **Operating activities** | | |
| Net loss | $ (21,727) | $(17,940) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 1,047 | 1,055 |
| Stock-based compensation | 982 | 625 |
| Revaluation of convertible preferred stock warrant liability | 280 | (23) |
| Prepaid convertible preferred stock warrant expense | 2 | 5 |
| Amortization of discount on short-term investments | (43) | (67) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable—collaboration | (10,000) | — |
| Receivables—related parties | 4,000 | — |
| Prepaid and other current assets | (807) | (483) |
| Other assets | 18 | (2,433) |
| Accounts payable and accrued liabilities | 4,685 | (2,774) |
| Deferred revenue | (795) | (2,233) |
| Deferred rent | (397) | (318) |
| Net cash used in operating activities | (22,755) | (24,586) |
| **Investing activities** | | |
| Purchases of property and equipment | (153) | (660) |
| Purchases of short-term investments | (127,534) | (33,970) |
| Maturities of short-term investments | 60,000 | 67,666 |
| Net cash provided by (used in) investing activities | (67,687) | 33,036 |
| **Financing activities** | | |
| Proceeds from issuance of common stock upon IPO, net | 85,155 | — |
| Proceeds from issuance of common stock from exercise of options | 116 | 146 |
| Repayments on notes payable | — | (346) |
| Net cash provided by (used in) financing activities | 85,271 | (200) |
| **Net (decrease) increase in cash and cash equivalents** | (5,171) | 8,250 |
| **Cash and cash equivalents at beginning of period** | 16,263 | 11,785 |
| **Cash and cash equivalents at end of period** | $ 11,092 | $ 20,035 |

See accompanying notes.

**ONCOMED PHARMACEUTICALS, INC.**
**Notes to the Unaudited Interim Condensed Financial Statements**

## 1. Organization

OncoMed Pharmaceuticals, Inc. ("OncoMed" or the "Company") is a clinical development-stage biotechnology company focused on discovering and developing first-in-class monoclonal antibody therapeutics targeting cancer stem cells ("CSCs"). The Company was originally incorporated in July 2004 in Delaware. The Company's operations are based in Redwood City, California and it operates in one segment.

OncoMed has five product candidates in clinical development. The first candidate, demcizumab (OMP-21M18) is currently in two Phase Ib solid tumor combination therapy trials and a Phase Ib/II combination therapy trial in ovarian cancer. The second candidate, anti-Notch2/3 (OMP-59R5), is in combination therapy Phase Ib/II trials in pancreatic and small cell lung cancer. The third candidate, vantictumab (OMP-18R5), is in a single-agent Phase I safety and dose escalation trial, as well as in a recently initiated Phase Ib combination therapy trial in breast cancer. The fourth and fifth candidates, Fzd8-Fc (OMP-54F28) and anti-Notch1 (OMP-52M51), are in single-agent Phase I safety and dose escalation trials. The clinical trials for all five product candidates are ongoing, with the intent of gathering additional data required to proceed to later stage clinical trials and product approval.

### Initial Public Offering

On July 17, 2013, the Company's registration statement on Form S-1 (File No. 333-181331) relating to the initial public offering (the "IPO") of its common stock was declared effective by the SEC. The IPO closed on July 23, 2013 at which time the Company sold 5,520,000 shares of its common stock, which included 720,000 shares of common stock purchased by the underwriters upon the full exercise of their option to purchase additional shares of common stock. The Company received net cash proceeds of $82.7 million from the IPO, net of underwriting discounts and commissions and expenses paid by the Company.

On July 23, 2013, prior to the closing of the IPO, all outstanding shares of convertible preferred stock converted into 21,180,280 shares of common stock with the related carrying value of $182.8 million reclassified to common stock and additional paid-in capital. In addition, all convertible preferred stock warrants were also thereby converted into common stock warrants. Additionally, all shares of Class B common stock were converted into Class A common stock, and the Class A common stock was redesignated "common stock".

Upon the effectiveness of the Amended and Restated Certificate of Incorporation of the Company on July 23, 2013, the number of shares of capital stock the Company is authorized to issue was increased to 150,000,000 shares, of which 145,000,000 shares may be common stock and 5,000,000 shares may be preferred stock. Both the common stock and preferred stock have a par value of $0.001 per share. There are no shares of preferred stock outstanding at September 30, 2013.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and following the requirements of the Securities and Exchange Commission (the "SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. These financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair statement of the Company's financial information. The results of operations for the three and nine months ended September 30, 2013 are not necessarily indicative of the results to be expected for the year ending December 31, 2013 or for any future period. The balance sheet as of December 31, 2012 has been derived from audited financial statements at that date but does not include all of the information required by U.S. GAAP for complete financial statements.

The accompanying condensed financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto for the year ended December 31, 2012 included in the Company's Prospectus filed pursuant to Rule 424(b)(4) on July 18, 2013 with the SEC (the "Prospectus").

### Reverse Stock Split

In July 2013, the Company's board of directors and stockholders approved an amendment to its amended and restated certificate of incorporation to effect a reverse split of shares of our common stock and convertible preferred stock at a 1-for-5.7 ratio (the "Reverse Stock Split"). The Reverse Stock Split became effective on July 17, 2013. The par value and the authorized shares of the common and convertible preferred stock were not adjusted as a result of the Reverse Stock Split. All issued and outstanding common stock, convertible preferred stock, warrants for common stock, warrants for preferred stock, and per share amounts contained in the financial statements have been retroactively adjusted to reflect this Reverse Stock Split for all periods presented.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, preclinical study and clinical trial accruals, fair value of assets and liabilities, convertible preferred stock and related warrants, and common stock, income taxes, and stock-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of 90 days or less at the date of purchase to be cash and cash equivalents.

**Short-Term Investments**

Short-term investments consist of debt securities classified as available-for-sale and have maturities greater than 90 days, but less than 365 days from the date of acquisition. Short-term investments are carried at fair value based upon quoted market prices. Unrealized gains and losses on available-for-sale securities are excluded from earnings and were reported as a component of accumulated other comprehensive income. The cost of available-for-sale securities sold is based on the specific-identification method.

**Revenue Recognition**

The Company generates substantially all its revenue from collaborative research and development agreements with pharmaceutical companies. The terms of the agreements may include nonrefundable upfront payments, milestone payments, other contingent payments and royalties on any product sales derived from collaborations. These multiple element arrangements are analyzed to determine whether the deliverables can be separated or whether they must be accounted for as a single unit of accounting.

Typically, the Company has not granted licenses to collaborators at the beginning of its arrangements and thus there are no delivered items separate from the research and development services provided. As such, upfront payments are recorded as deferred revenue in the balance sheet and are recognized as collaboration revenue over the estimated period of performance that is consistent with the terms of the research and development obligations contained in the collaboration agreement. The Company periodically reviews the estimated period of performance based on the progress made under each arrangement.

Payments that are contingent upon achievement of a substantive milestone are recognized in their entirety in the period in which the milestone is achieved. Milestones are defined as an event that can only be achieved based on the Company's performance and there is substantive uncertainty about whether the event will be achieved at the inception of the arrangement. Events that are contingent only on the passage of time or only on counterparty performance are not considered milestones subject to this guidance. Further, the amounts received must relate solely to prior performance, be reasonable relative to all of the deliverables and payment terms within the agreement and commensurate with the Company's performance to achieve the milestone after commencement of the agreement. Other contingent payments received for which payment is contingent solely on the results of a collaborative partner's performance (bonus payments) are not accounted for using the milestone method. Such bonus payments will be recognized as revenue when collectability is reasonably assured.

**Customer Concentration**

Customers whose collaborative research and development revenue accounted for 10% or more of total revenues were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| GSK (related party) | 4% | 71% | 8% | 65% |
| Bayer | 96% | 29% | 92% | 35% |

**Net Loss per Common Share**

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Diluted net loss per common share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period. For purposes of this calculation, potentially dilutive securities consisting of convertible preferred stock, stock options and warrants are considered to be common stock equivalents and were excluded in the calculation of diluted net loss per common share because their effect would be antidilutive for all periods presented.

**Newly Adopted Accounting Pronouncements**

In February 2013, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This guidance is the culmination of the FASB's redeliberation on reporting reclassification adjustments from accumulated other comprehensive income. The Company has adopted this guidance effective January 1, 2013. The adoption of this guidance did not have a material impact on the Company's financial statements.

**3. Cash Equivalents and Investments**

The fair value of securities, not including cash at September 30, 2013, were as follows (in thousands):

| | September 30, 2013 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Money market funds | $ 7,676 | $ — | $ — | $ 7,676 |
| U.S. treasury bills | 117,537 | 17 | — | 117,554 |
| Total available-for-sale securities | $125,213 | $ 17 | $ — | $125,230 |
| Classified as: | | | | |
| Cash equivalents | | | | $ 7,676 |
| Short-term investments | | | | 117,554 |
| Total cash equivalents and investments | | | | $125,230 |

The fair value of securities, not including cash at December 31, 2012, were as follows (in thousands):

| | December 31, 2012 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Money market funds | $ 7,937 | $ — | $ — | $ 7,937 |
| U.S. treasury bills | 49,961 | 15 | — | 49,976 |
| Total available-for-sale securities | $ 57,898 | $ 15 | $ — | $ 57,913 |
| Classified as: | | | | |
| Cash equivalents | | | | $ 7,937 |
| Short-term investments | | | | 49,976 |
| Total cash equivalents and investments | | | | $ 57,913 |

All available-for-sale securities held as of September 30, 2013 and December 31, 2012 had contractual maturities of less than one year. There have been no significant realized gains or losses on available-for-sale securities for the periods presented.

**4. Fair Value Measurements**

The Company records its financial assets and liabilities at fair value. The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, short-term investments, contract receivables and accounts payable, approximate their fair value due to their short maturities. The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level 1: Inputs which include quoted prices in active markets for identical assets and liabilities.

- Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used in such measurements were as follows (in thousands):

| | September 30, 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Money market funds | $7,676 | $ — | $ — | $ 7,676 |
| U.S. treasury bills | — | 117,554 | — | 117,554 |
| Total | $7,676 | $117,554 | $ — | $125,230 |

| | December 31, 2012 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Money market funds | $7,937 | $ — | $ — | $ 7,937 |
| U.S. treasury bills | — | 49,976 | — | 49,976 |
| Total | $7,937 | $ 49,976 | $ — | $ 57,913 |
| Liabilities: | | | | |
| Convertible preferred stock warrant liability | $ — | $ — | $ 182 | $ 182 |
| Total | $ — | $ — | $ 182 | $ 182 |

Where quoted prices are available in an active market, securities are classified as Level 1. The Company classifies money market funds as Level 1. When quoted market prices are not available for the specific security, then the Company estimates fair value by using benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The Company classifies U.S. Treasury securities as Level 2. There were no transfers between Level 1 and Level 2 during the periods presented. The Company's Level 3 liabilities at December 31, 2012 consist of its convertible preferred stock warrant liability. The fair values of the outstanding convertible preferred stock warrants are measured using the Black-Scholes option-pricing model. Inputs used to determine estimated fair value include the estimated fair value of the underlying preferred stock at the valuation measurement date, the remaining contractual term of the warrants, risk-free interest rates, expected dividends and expected volatility of the price of the underlying stock. The significant unobservable input used in the fair value measurement of the convertible preferred stock warrant liability is the estimated fair value of the underlying preferred stock at the remeasurement date. Generally, increases (decreases) in the fair value of the underlying preferred stock would result in a directionally similar impact to the estimated fair value measurement. The preferred stock warrants were converted to common stock warrants upon the completion of the IPO and are no longer subject to remeasurement.

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities, which are measured on a recurring basis (in thousands):

| | |
|---|---|
| Balance as of December 31, 2012 | $ 182 |
| Change in estimated fair value recorded as a loss in the statement of operations, net | 280 |
| Reclassification of warrant liability to additional paid-in capital | (462) |
| Balance as of September 30, 2013 | $ — |

The estimated fair value of the convertible preferred stock warrants was determined as of July 17, 2013, the date remeasurement was no longer applicable, and December 31, 2012 using the Black-Scholes option-pricing model using the following assumptions:

| | As of July 17, 2013 | As of December 31, 2012 |
|---|---|---|
| Risk-free interest rate | 0.94% | 0.21% |
| Weighted-average volatility | 68.1% | 77.0% |
| Dividend yield | — % | — % |
| Contractual term | 1.25 - 5.0 years | 0.5 - 2.75 years |

**5. Collaborations**

The Company has recognized the following revenues from its collaboration agreements with GlaxoSmithKline LLC ("GSK") and Bayer Pharma AG ("Bayer") during the three and nine months ended September 30, 2013 and 2012 (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| GSK: | | | | |
| Recognition of upfront payment and contract study | $ 493 | $ 493 | $ 1,478 | $ 1,478 |
| Milestone revenue | — | 5,000 | — | 10,000 |
| GSK total | 493 | 5,493 | 1,478 | 11,478 |
| Bayer: | | | | |
| Recognition of upfront payments | 2,439 | 2,250 | 7,317 | 6,250 |
| Milestone revenue | 10,000 | — | 10,000 | — |
| Bayer total | 12,439 | 2,250 | 17,317 | 6,250 |
| Total collaboration related revenue | $ 12,932 | $ 7,743 | $18,795 | $17,728 |

As GSK has an equity ownership in the Company, all transactions with GSK are considered to be related party transactions and have been noted as such in the accompanying financial statements.

In June 2013, the Company received an $8.0 million advance payment from GSK pursuant to the terms of its anti-Notch2/3 (OMP-59R5) program. The $8.0 million has been recorded as deferred revenue and will be recognized as collaboration revenue upon the achievement of the underlying substantive milestone, which is expected to be in the first quarter of 2014.

As of September 30, 2013, the Company was eligible to receive in its collaboration with GSK up to $81.0 million in future development milestone payments prior to the completion of certain Phase II proof-of-concept ("POC") clinical trials. These remaining potential development milestones include up to $5.0 million for the advancement into specified clinical testing related to the anti-Notch1 (OMP-52M51) program, up to $16.0 million for the start of certain Phase II clinical trials, including a $5.0 million bonus payment, and up to $60.0 million if GSK exercises its options for the two programs, including a $10.0 million bonus payment. GSK has the option to license the anti-Notch1 program as early as the end of Phase Ia or both programs at Phase II POC, and will be responsible for all further development and commercialization following such option exercise. If GSK successfully develops and commercializes both candidates for more than one indication, the Company could receive contingent consideration payments of up to $309.0 million for the achievement of regulatory events and up to $280.0 million upon the achievement of certain levels of worldwide net sales, for a total of $670.0 million of potential future payments. In addition, the Company can earn royalty payments on all future collaboration product sales, if any. As all contingent consideration payments are based solely on the performance of GSK, the milestone method of accounting will not be applied to such amounts.

In August 2013, the Company and Bayer entered into Amendment 2 of the Collaboration and Option Agreement. The amendment confirms the achievement of a development milestone of $10.0 million for dose escalation of vantictumab (OMP-18R5) in Phase Ia as well as agreement on the Phase Ib trial design. In addition, the amendment provides Bayer the opportunity to internally develop a collaboration target that is not being developed under the collaboration. This amendment was not considered a material modification for accounting or reporting purposes. The $10.0 million milestone was invoiced to Bayer upon signing the amendment and is included in accounts receivable—collaboration on the balance sheet at September 30, 2013.

As of September 30, 2013, the Company was eligible to receive in its collaboration with Bayer up to $25.0 million in future development milestone payments for its development of biologic product candidates, prior to the point that Bayer exercises its options. The Company is eligible to receive up to $55.0 million if Bayer exercises its options for biologic product candidates. Bayer will be responsible for all further development and commercialization following the exercise of an option for a product candidate. The Company is eligible to receive up to $24.0 million in development milestone payments for the small molecule candidates. If Bayer successfully develops and commercializes all of the product candidates for more than one indication, the Company could receive contingent consideration payments of up to $185.0 million for the achievement of regulatory events (up to $135.0 million for biologics and $50.0 million for small molecules) and up to $1.0 billion upon the achievement of specified future product sales (up to $862.5 million for biologics and $140.0 million for small molecules). As all contingent consideration payments are based solely on the performance of Bayer, the milestone method of accounting will not be applied to such amounts.

**6. Stock Incentive Plans**

In July 2013, the Company's board of directors and stockholders approved the following:

- Employee Stock Purchase Plan—The Company initially reserved 300,000 shares of common stock for issuance under its Employee Stock Purchase Plan as of its effective date of July 17, 2013. On the first day of each calendar year, beginning in 2014 and ending in 2023, the number of shares in the reserve will increase by the least of 350,000 shares, 1% of the shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year or such smaller number of shares of stock as determined by the Company's board of directors.
- 2013 Equity Incentive Award Plan—The Company initially reserved 500,000 shares of common stock for issuance under its 2013 Equity Incentive Award Plan (the "2013 Plan") as of its effective date of July 17, 2013, plus 90,125 shares which were then available for issuance under the Company's 2004 Stock Incentive Plan (the "2004 Plan"). No future awards will be made under the 2004 Plan. The number of shares reserved for issuance under the 2013 Plan will increase by the number of shares represented by awards outstanding under the 2004 Plan that are forfeited or lapse unexercised and which following July 17, 2013 are not issued under the 2004 Plan. Additionally, on the first day of each calendar year, beginning in 2014 and ending in 2023, the number of shares in the reserve will increase by the least of 1,500,000 shares, 4% of the shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year or such smaller number of shares of stock as determined by the Company's board of directors.

As of September 30, 2013, a total of 590,505 shares of common stock have been authorized and are available for issuance under the 2013 Plan, including 428,945 shares subject to options outstanding under the 2013 Plan. As of September 30, 2013 a total of 2,516,538 shares are subject to options outstanding under the 2004 Plan, which shares will become available for issuance under the 2013 Plan to the extent the options are forfeited or lapse unexercised without issuance of such shares under the 2004 Plan.

The following table summarizes activity under the 2004 Plan and 2013 Plan, including grants to nonemployees and restricted stock issued:

| (In thousands, except per share amounts) | Shares Available for Grant | Options Outstanding | Weighted Average Exercise Price per Share | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Balances at December 31, 2012 | 211 | 2,449 | $ 3.48 | |
| Options authorized | 500 | — | — | |
| Options granted | (552) | 552 | 15.11 | |
| Options exercised | — | (53) | 2.18 | |
| Options forfeited | 3 | (3) | 6.75 | |
| Balances at September 30, 2013 | 162 | 2,945 | $ 5.68 | $ 29,086 |
| Vested—September 30, 2013 | | 1,999 | $ 3.32 | $ 23,995 |
| Expected to vest—September 30, 2013 | | 862 | $ 10.67 | $ 4,634 |

The weighted-average grant-date estimated fair value of options granted during the three and nine months ended September 30, 2013 was $10.67 and $9.46 per share, respectively. The intrinsic value was calculated as the difference between the exercise price of the options and the fair value of the Company's common stock as of September 30, 2013.

***Liability for Shares with Repurchase Rights***

At September 30, 2013 and December 31, 2012, there were 5,636 and 8,333 shares of common stock outstanding, respectively, subject to the Company's right of repurchase at prices ranging from $3.42 to $4.56 per share. At September 30, 2013 and December 31, 2012, the Company recorded $26,000 and $37,000, respectively, as liabilities associated with shares issued with repurchase rights.

***Stock-Based Compensation***

Stock-based compensation expense recognized was as follows (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Research and development | $ 244 | $ 125 | $ 518 | $ 369 |
| General and administrative | 248 | 84 | 464 | 256 |
| Total | $ 492 | $ 209 | $ 982 | $ 625 |

As of September 30, 2013, the Company had $7.0 million of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over an estimated weighted-average period of 2.6 years.

The estimated grant date fair value of employee stock options was calculated using the Black-Scholes valuation model, based on the following assumptions:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Weighted-average volatility | 68.3% | 66.1% | 68.3% | 64.7% |
| Weighted-average expected term (years) | 6.2 | 6.2 | 6.2 | 6.2 |
| Risk-free interest rate | 1.91% | 1.18% | 1.80% | 1.32% |
| Expected dividend yield | — | — | — | — |

**7. Net Loss per Common Share**

The following outstanding common stock equivalents were excluded from the computation of diluted net loss per common share for the periods presented because including them would have been antidilutive:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Convertible preferred stock | — | 21,180,280 | — | 21,180,280 |
| Options to purchase common stock | 2,945,483 | 2,387,918 | 2,945,483 | 2,387,918 |
| Warrants to purchase convertible preferred stock | — | 47,859 | — | 47,859 |
| Warrants to purchase common stock | 25,921 | — | 25,921 | — |
| | 2,971,404 | 23,616,057 | 2,971,404 | 23,616,057 |

**8. Income Taxes**

The Company did not record a provision for income taxes for the three- and nine- months ended September 30, 2013 and 2012, because it expected to generate a net operating loss for the years ending December 31, 2013 and 2012. The Company's deferred tax assets continue to be fully offset by a valuation allowance.

**9. Subsequent Events**

In October 2013, the Company achieved and invoiced a $15.0 million development milestone related to Phase I dose escalation in its Fzd8-Fc program under its agreement with Bayer.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

*You should read the following discussion in conjunction with our condensed financial statements (unaudited) and related notes included elsewhere in this report. This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this report are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "potential" or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements, include, but are not limited to, the initiation, timing, progress and results of our preclinical studies and clinical trials, and our research and development programs; our ability to advance product candidates into, and successfully complete, clinical trials; our receipt of future milestone payments and/or royalties, and the expected timing of such payments; our collaborators' exercise of their license options; the commercialization of our product candidates; the implementation of our business model, strategic plans for our business, product candidates and technology; the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology; estimates of our expenses, future revenues, capital requirements and our needs for additional financing; the timing or likelihood of regulatory filings and approvals; our ability to maintain and establish collaborations or obtain additional government grant funding; our use of proceeds from our IPO; our financial performance; and developments relating to our competitors and our industry. These statements reflect our current views with respect to future events or our future financial performance, are based on assumptions, and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" in the Prospectus or described elsewhere in this Quarterly Report on Form 10-Q. These forward-looking statements speak only as of the date hereof. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. Unless the context requires otherwise, in this Quarterly Report on Form 10-Q, the terms "OncoMed," "Company," "OncoMed Pharmaceuticals," "we," "us" and "our" refer to OncoMed Pharmaceuticals, Inc., a Delaware corporation, unless otherwise noted.*

### Overview

OncoMed is a clinical development-stage biopharmaceutical company focused on discovering and developing first-in-class monoclonal antibody therapeutics targeting CSCs. Our approach has been to target CSCs, also known as tumor-initiating cells. Common cancer drugs target bulk tumor cells but have limited impact on CSCs, thereby providing a path for recurrence of the tumor. We utilize our proprietary technologies to identify and validate multiple potential targets critical to CSC self-renewal and differentiation. These targets are in pathways implicated in cancer biology and stem cell biology, including the Notch, Wnt, RSPO/LGR and other fundamental CSC pathways. We believe our product candidates are quite distinct from current generations of chemotherapies and targeted therapies, and have the potential to significantly impact cancer treatment and the clinical outcome of patients with cancer. All of our product candidates were discovered internally in our own research laboratories.

We have five anti-CSC product candidates in clinical development. Additionally, other antibodies are in preclinical development with Investigational New Drug ("IND") filings planned for 2014 and beyond. The first candidate, demcizumab, has completed a single-agent Phase Ia safety and dose escalation trial and is currently in Phase Ib combination therapy trials in patients with non-small cell lung cancer and pancreatic cancer and a Phase Ib/II trial combining demcizumab with paclitaxel in ovarian cancer. The second candidate, anti-Notch2/3 (OMP-59R5), is in a Phase Ib/II trial in pancreatic cancer in combination therapy with gemcitabine (recently amended to include Abraxane®) and a second Phase Ib/II trial in small cell lung cancer in combination therapy with etoposide and cisplatin chemotherapy. The third candidate, vantictumab (OMP-18R5), continues in a single-agent Phase Ia trial, and we have recently initiated a Phase Ib trial in combination with paclitaxel in patients with breast cancer, which is the first of three planned Phase Ib combination therapy trials of vantictumab. The fourth candidate, Fzd8-Fc (OMP-54F28), is in a single-agent Phase Ia safety and dose escalation trial in solid tumor malignancies, and we expect three Phase Ib combination trials in late 2013 or early 2014. The fifth candidate, anti-Notch1 (OMP-52M51), is in two single-agent Phase Ia safety and dose escalation trials in hematologic and solid tumor malignancies. The clinical trials for all five product candidates are ongoing, with the intent of gathering additional data required to proceed to later stage clinical trials and product approval.

***Initial Public Offering***

On July 17, 2013, our registration statement on Form S-1 (File No. 333-181331) relating to the IPO of our common stock was declared effective by the SEC. The IPO closed on July 23, 2013 at which time we sold 5,520,000 shares of our common stock, which includes 720,000 shares of common stock purchased by the underwriters upon the full exercise of their option to purchase additional shares of common stock. We received cash proceeds of $82.7 million from the IPO, net of underwriting discounts and commissions and expenses paid by us.

**Financial Operations Overview**

***Revenue***

We have not generated any revenue from product sales. Our revenue to date has been primarily derived from upfront payments and development milestones received from GSK and Bayer. We recognize revenue from upfront payments ratably over the term of our estimated period of performance under the agreements. In addition to receiving upfront payments, we may also be entitled to milestone and other contingent payments upon achieving predefined objectives. Such payments are recorded as revenue when we achieve the underlying milestone if there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved.

The following table summarizes our revenue for the three months and nine months ended September 30, 2013 and 2012.

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|---|---|
| **(In thousands)** | **2013** | **2012** | **2013** | **2012** |
| GSK: | | | | |
| Recognition of upfront payment | $ 493 | $ 493 | $ 1,478 | $ 1,478 |
| Milestone revenue | — | 5,000 | — | 10,000 |
| GSK total | 493 | 5,493 | 1,478 | 11,478 |
| Bayer: | | | | |
| Recognition of upfront payment | 2,439 | 2,250 | 7,317 | 6,250 |
| Milestone revenue | 10,000 | — | 10,000 | — |
| Bayer total | 12,439 | 2,250 | 17,317 | 6,250 |
| Grant revenue | — | — | — | 22 |
| Total revenue | $12,932 | $7,743 | $18,795 | $17,750 |

We expect that any revenue we generate will fluctuate from period to period as a result of the timing and amount of milestones and other payments from our collaborations with GSK and Bayer or any new collaboration we may enter into, and any new government grants that we may receive in the future.

***Research and Development***

Research and development expenses represent costs incurred to conduct research such as the discovery and development of clinical candidates for GSK and Bayer as well as discovery and development of our proprietary unpartnered product candidates. We expense all research and development costs as they are incurred. Our research and development expenses consist of employee salaries and related benefits, including stock-based compensation, third-party contract costs relating to research, manufacturing, preclinical studies, clinical trial activities, laboratory consumables, and allocated facility costs.

At any point in time, we typically have various early stage research and drug discovery projects. Our internal resources, employees and infrastructure are not directly tied to any one research or drug discovery project and are typically deployed across multiple projects. As such, we do not maintain information regarding these costs incurred for these early stage research and drug discovery programs on a project-specific basis.

The following table summarizes our research and development expenses for the three months and nine months ended September 30, 2013 and 2012. The internal costs include personnel, facility costs, laboratory consumables and discovery and research related activities associated with our pipeline. The external program costs reflect external costs attributable to our clinical development candidates and preclinical candidates selected for further development. Such expenses include third-party contract costs relating to manufacturing, clinical trial activities, translational medicine and toxicology activities.

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Internal Costs: | | | | |
| Cancer biology | $ 2,957 | $2,484 | $ 7,615 | $ 7,812 |
| Molecular and cellular biology | 1,603 | 1,670 | 4,764 | 4,929 |
| Process development and manufacturing | 1,208 | 1,535 | 3,334 | 4,301 |
| Product development | 1,552 | 781 | 3,806 | 2,534 |
| Pathology and toxicology | 445 | 322 | 1,133 | 961 |
| Subtotal internal costs | 7,765 | 6,792 | 20,652 | 20,537 |
| External Program Costs: | | | | |
| Manufacturing | 1,527 | 475 | 3,176 | 3,219 |
| Clinical | 3,272 | 1,412 | 7,755 | 3,335 |
| Translational medicine | 529 | 430 | 1,265 | 833 |
| Toxicology | 33 | 387 | 328 | 2,467 |
| Subtotal external program costs | 5,361 | 2,704 | 12,524 | 9,854 |
| Total research and development expense | $13,126 | $9,496 | $33,176 | $30,391 |

We expect our research and development expenses will increase in the future as we progress our unpartnered product candidates, conduct our development activities under our agreements with GSK and Bayer, advance our discovery research projects into the preclinical stage and continue our early stage research. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time consuming. We or our partners may never succeed in achieving marketing approval for any of our product candidates. The probability of success of each product candidate may be affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability. For the biologic programs covered under our strategic alliances with GSK and Bayer, we are responsible for development of each product candidate prior to the exercise of GSK's or Bayer's option to exclusively license such product candidate. GSK and Bayer may exercise such an option on a product-by-product basis during certain time periods through the end of Phase I or Phase II trials for a product candidate. If GSK exercises its option for a product candidate, all further development obligations for such product candidate are assumed by GSK. If Bayer exercises its option for a product candidate, all development obligations for such product candidate after such product candidate reaches a defined early development stage are assumed by Bayer.

Most of our product development programs are at an early stage; therefore, the successful development of our product candidates is highly uncertain and may not result in approved products. Completion dates and completion costs can vary significantly for each product candidate and are difficult to predict. Given the uncertainty associated with clinical trial enrollments and the risks inherent in the development process, we are unable to determine the duration and completion costs of current or future clinical trials of our product candidates or if and to what extent we will generate revenues from the commercialization and sale of any of our product candidates. We anticipate that we and our strategic alliance partners will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each product candidate, as well as an ongoing assessment as to each product candidate's commercial potential. We will need to raise additional capital or may seek additional strategic alliances in the future in order to complete the development and commercialization of our product candidates.

***General and Administrative***

Our general and administrative expenses consist primarily of personnel costs, allocated facilities costs and other expenses for outside professional services, including legal, human resource, audit, tax and accounting services. Personnel costs consist of salaries, benefits and stock-based compensation. We expect to incur additional expenses as a result of being a public company following the completion of our IPO in July 2013, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange and costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC. In addition, we expect to incur increased expenses related to additional insurance, investor relations and other increases related to needs for additional human resources and professional services with being a public company.

***Interest and Other Income (Expense), net***

Interest income consists primarily of interest received on our cash, cash equivalents and short-term investments balances.

Other income (expense) primarily includes gains and losses from the remeasurement of our liabilities related to our convertible preferred stock warrants. We recorded adjustments to the estimated fair value of the convertible preferred stock warrants until they were converted upon the completion of the IPO into warrants exercisable for common stock. At that time, the convertible preferred stock warrant liability was reclassified to additional paid-in capital and we no longer record any related periodic fair value adjustments.

***Critical Accounting Polices and Estimates***

The discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant and material changes in our critical accounting policies during the three and nine months ended September 30, 2013, as compared to those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in the Prospectus.

**Results of Operations**

***Comparison of the Three Months Ended September 30, 2013 and 2012***

| (In thousands) | THREE MONTHS ENDED SEPTEMBER 30, 2013 | 2012 | DOLLAR CHANGE |
|---|---|---|---|
| Revenue: | | | |
| Collaboration revenue—related party | $ 493 | $ 5,493 | $ (5,000) |
| Collaboration revenue | 12,439 | 2,250 | 10,189 |
| Total revenue | 12,932 | 7,743 | 5,189 |
| Operating expenses: | | | |
| Research and development | 13,126 | 9,496 | 3,630 |
| General and administrative | 3,175 | 1,915 | 1,260 |
| Total operating expenses | 16,301 | 11,411 | 4,890 |
| Loss from operations | (3,369) | (3,668) | 299 |
| Interest and other income (expense), net | (117) | 13 | (130) |
| Net loss | $ (3,486) | $ (3,655) | $ 169 |

***Revenue***

Total revenue for the three months ended September 30, 2013 was $12.9 million, an increase of $5.2 million, or 67%, compared to total revenue of $7.7 million for the three months ended September 30, 2012. This increase is mainly due to collaboration revenue from Bayer that resulted from achievement of a $10.0 million development milestone for dose escalation of vantictumab (OMP-18R5) in Phase Ia as well as agreement on the Phase Ib trial design in August 2013. This increase is partially offset by the decrease in collaboration revenue—related party under the GSK agreement that resulted from the achievement of $5.0 million of development milestones in 2012 related to the IND filing for the anti-Notch1 (OMP-54M51) program.

***Research and Development***

Research and development expenses were $13.1 million for the three months ended September 30, 2013, an increase of $3.6 million, or 38%, compared to research and development expenses of $9.5 million for the three months ended September 30, 2012. The increase was comprised of a $2.7 million increase in our external program costs and a $0.9 million increase in our internal program cost.

The increase in our external program costs of $2.7 million was primarily due to an increase of $1.9 million in clinical costs resulting from higher patient enrollment for various programs and an increase of $1.0 million manufacturing costs primarily due to the production of vantictumab (OMP-18R5) manufacturing runs. These increases were partially offset by a decrease of $0.2 million in toxicology studies primarily related to the anti-Notch1 (OMP-52M51) program.

The increase in our internal costs of $0.9 million was primarily due to an increase of $1.0 million in personnel costs due to an increase in headcount as well as a bonus payment and option awards and an increase of $0.1 million in facility and office related expenses. These increases were partially offset by a decrease of $0.2 million in contracted services.

***General and Administrative***

General and administrative expenses were $3.2 million for the three months ended September 30, 2013, an increase of $1.3 million, or 65%, compared to general and administrative expenses of $1.9 million for the three months ended September 30, 2012. The increase is primarily due to higher employee related costs of $0.7 million due to a bonus payment and option awards, higher legal fees of $0.1 million, and higher consulting fees from third party vendors of $0.3 million.

***Interest and Other Income (Expense), net***

Interest and other income (expense), net was $(117,000) for the three months ended September 30, 2013, a change of ($130,000), compared to interest and other income, net of $13,000 for the three months ended September 30, 2012. The change was primarily due to the increase in the fair value of the convertible preferred stock warrant liability in 2013.

***Comparison of the Nine Months Ended September 30, 2013 and 2012***

| (In thousands) | NINE MONTHS ENDED SEPTEMBER 30, 2013 | 2012 | DOLLAR CHANGE |
|---|---|---|---|
| Revenue: | | | |
| Collaboration revenue—related party | $ 1,478 | $ 11,478 | $(10,000) |
| Collaboration revenue | 17,317 | 6,250 | 11,067 |
| Grant revenue | — | 22 | (22) |
| Total revenue | 18,795 | 17,750 | 1,045 |
| Operating expenses: | | | |
| Research and development | 33,176 | 30,391 | 2,785 |
| General and administrative | 7,111 | 5,391 | 1,720 |
| Total operating expenses | 40,287 | 35,782 | 4,505 |
| Loss from operations | (21,492) | (18,032) | (3,460) |
| Interest and other income (expense), net | (235) | 92 | (327) |
| Net loss | $ (21,727) | $ (17,940) | $ (3,787) |

***Revenue***

Total revenue for the nine months ended September 30, 2013 was $18.8 million, an increase of $1.0 million, or 6%, compared to total revenue of $17.8 million for the nine months ended September 30, 2012. This increase is mainly due to collaboration revenue from Bayer that resulted from achievement of a $10.0 million development milestone for dose escalation of vantictumab (OMP-18R5) in Phase Ia as well as agreement on the Phase Ib trial design in August 2013. In addition, there was an increase of $1.0 million in collaboration revenue related to the amortization of a $5.0 million payment from Bayer for the Fzd8-Fc (OMP-54F28) program received at the signing of an amendment in August 2012.

The increases were offset by the decrease in collaboration revenue—related party under the GSK agreement that resulted from the achievement of two development milestones in 2012. The first was a $5.0 million development milestone related to the proof-of-principle for the anti-Notch2/3 (OMP-59R5) program and the second was a $5.0 million development milestone related to the IND filing for the anti-Notch 1 (OMP-52M51) program.

***Research and Development***

Research and development expenses were $33.2 million for the nine months ended September 30, 2013, an increase of $2.8 million, or 9%, compared to research and development expenses of $30.4 million for the nine months ended September 30, 2012. The increase was comprised of a $0.1 million increase in our internal costs and a $2.7 million increase in our external program costs.

The increase in our internal costs of $0.1 million was primarily due to an increase of $1.4 million in personnel costs due to an increase in headcount as well as a bonus payment and option awards. This increase was partially offset by a decrease of $0.8 million in contracted services and a decrease of $0.5 million in lab supplies and reagent related expenses.

The increase in our external program costs of $2.7 million was primarily due to an increase of $4.5 million in clinical costs resulting from higher patient enrollment for various programs in 2013 compared to 2012. These increases were partially offset by a $1.8 million decrease in costs for toxicology studies primarily related to the anti-Notch1 (OMP-52M51) program.

***General and Administrative***

General and administrative expenses were $7.1 million for the nine months ended September 30, 2013, an increase of $1.7 million, or 32%, compared to general and administrative expenses of $5.4 million for the nine months ended September 30, 2012. The increase was due to higher employee related costs of $0.8 million from a bonus payment and option awards, higher legal fees of $0.5 million, and higher consulting fees from third party vendors of $0.3 million.

***Interest and Other Income (Expense), net***

Interest and other income (expense), net was $(235,000) for the nine months ended September 30, 2013, a change of ($327,000) compared to interest and other income, net of $92,000 for the nine months ended September 30, 2012. The change was primarily due to an increase in the fair value of the convertible preferred stock warrant liability in 2013.

**Liquidity and Capital Resources**

As of September 30, 2013, we had cash, cash equivalents, and short term investments totaling $128.6 million. In connection with our IPO that closed in July 2013, we received cash proceeds of $82.7 million, net of underwriters' discounts and commissions and expenses paid by the Company. Prior to the IPO, we funded our operations primarily with cash flows from the sales of our convertible preferred stock in private placements and from the upfront and milestone payments and other collaboration related payments received under the GSK and Bayer collaborative arrangements.

Our primary uses of cash are to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

We believe that our existing cash, cash equivalents and short-term investments as of September 30, 2013, along with the net proceeds from the IPO, will be sufficient to meet our anticipated cash requirements for at least the next 12 months. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the achievement of milestones and/or exercise of options under our agreements with GSK and Bayer;
- the initiation, progress, timing and completion of preclinical studies and clinical trials for our product candidates and potential product candidates;
- the number and characteristics of product candidates that we pursue;
- the progress, costs and results of our clinical trials;
- the outcome, timing and cost of regulatory approvals;
- delays that may be caused by changing regulatory requirements;
- funding we may receive under any new collaborations we may enter into or new government grants we may be awarded in the future;
- the costs and timing of hiring new employees to support our continued growth; and
- the costs and timing of procuring clinical supplies of our product candidates.

The following table summarizes our cash flows for the periods indicated (in thousands):

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 2013 | 2012 |
| Cash used in operating activities | $ (22,755) | $ (24,586) |
| Cash provided by (used in) investing activities | (67,687) | 33,036 |
| Cash provided by (used in) financing activities | 85,271 | (200) |

***Cash Flows from Operating Activities***

Cash used in operating activities for the nine months ended September 30, 2013 was $22.8 million. The net loss of $21.7 million was offset by non-cash charges of $1.0 million for depreciation and amortization, $1.0 million for stock-based compensation and $0.3 million for the revaluation of the convertible preferred stock warrant liability. The change in net operating assets of $3.3 million was due to the increase in accounts receivable – collaboration of $10.0 million due from Bayer for the achievement of a development milestone for dose escalation of vantictumab (OMP-18R5) in Phase Ia as well as agreement on the Phase Ib trial design partially offset by the collection of a related party receivable from GSK of $4.0 million and an increase in accounts payable and accrued liabilities of $4.7 million as a result of the timing of our payments. Deferred revenue decreased by $0.8 million due to receipt of $8.0 million payment from GSK related to the initiation of the Phase Ib clinical trial in the second indication of its anti-Notch2/3 (OMP-59R5) program, partially offset by the amortization of upfront and milestone payments from the GSK and Bayer arrangements in the amount of $8.8 million.

Cash used in operating activities for the nine months ended September 30, 2012 was $24.6 million. The net loss of $17.9 million was offset by non-cash charges of $1.1 million for depreciation and amortization and $0.6 million for stock-based compensation. The change in net operating assets of $8.2 million was due to the decrease in deferred revenue of $2.2 million from amortization of upfront payments from the GSK and Bayer arrangements, and accounts payable and accrued liabilities decreased by $2.8 million as a result of the timing of our payments. In addition, other assets increased by $2.4 million due to the capitalization of costs related to the IPO and prepaid expenses and other current assets increased by $0.5 million.

***Cash Flows from Investing Activities***

Cash provided by investing activities for the nine months ended September 30, 2013 was comprised of maturities of short-term investments of $60.0 million, offset by purchases of short-term investments of $127.5 million and our acquisition of property and equipment of $0.2 million.

Cash provided by investing activities for the nine months ended September 30, 2012 was comprised of maturities of short-term investments of $68.0 million, offset by purchases of short-term securities of $34.0 million and our acquisition of property and equipment of $0.7 million.

***Cash flows from Financing Activities***

Cash provided by financing activities for the nine months ended September 30, 2013 was due to the net proceeds of $85.2 million from the IPO.

Cash used by financing activities for the nine months ended September 30, 2012 was due to the repayment on borrowings of $346,000, offset by proceeds of $146,000 from the issuance of common stock upon the exercise of stock options.

**Off-Balance Sheet Arrangements**

As of September 30, 2013, we did not have any off-balance sheet arrangements or any holdings in variable interest entities.

**Recent Accounting Pronouncements**

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The guidance requires reporting and disclosure about changes in accumulated other comprehensive income balances and reclassifications out of accumulated other comprehensive income. We adopted this guidance as of January 1, 2013 on a prospective basis. This adoption did not have a material effect on our financial statements as the amounts were immaterial for all periods presented.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include risk related to interest rate sensitivities.

***Interest Rate Sensitivity***

We had cash, cash equivalents and short-term investments of $128.6 million as of September 30, 2013, which consist of bank deposits, money market funds and U.S. Treasury Bills. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. We had no outstanding debt as of September 30, 2013.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

***Foreign Currency Exchange Rate Sensitivity***

We face foreign exchange risk as a result of entering into transactions denominated in currencies other than U.S. dollars, particularly in Euro and British Sterling. Due to the uncertain timing of expected payments in foreign currencies, we do not utilize any forward foreign exchange contracts. All foreign transactions settle on the applicable spot exchange basis at the time such payments are made.

An adverse movement in foreign exchange rates could have a material effect on payments we make to foreign suppliers. The impact of an adverse change in foreign exchange rates may be offset in the event we receive a milestone payment from a foreign partner. A hypothetical 10% change in foreign exchange rates during any of the preceding periods presented would not have a material impact on our financial statements.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2013. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2013, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2013, our disclosure controls and procedures were effective at the reasonable assurance level.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material litigation or other material legal proceedings.

### ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the section entitled "Risk Factors" in the Prospectus, which are incorporated herein by reference. The risks described in the Prospectus are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to our risk factors from those set forth in the Prospectus.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

***(a)***

During the three months ended September 30, 2013, we sold an aggregate of 11,927 shares of common stock to employees under the 2004 Stock Plan for cash consideration in the aggregate amount of $49,000 upon the exercise of stock options. The foregoing share number has been adjusted for the 5.7-to-1 reverse stock split that occurred on July 17, 2013. We claimed exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), for the sales and issuances of these securities under Section 4(2) of the Securities Act in that such sales and issuances did not involve a public offering or under Rule 701 promulgated under the Securities Act, in that they were offered and sold either pursuant to written compensatory plans or pursuant to a written contract relating to compensation, as provided by Rule 701.

During the three months ended September 30, 2013, we sold an aggregate of 8,492 shares of common stock to SVB Financial Group upon the cashless net exercise in full of a warrant to purchase 12,289 shares of common stock at an exercise price of $5.70 per share. We claimed exemption from registration under the Securities Act for the sale and issuance of these securities under Section 4(2) of the Securities Act in that such sale and issuance did not involve a public offering.

***(b)***

On July 23, 2013, we closed our IPO, in which we sold an aggregate of 5,520,000 shares of common stock at a price to the public of $17.00 per share. The aggregate offering price for shares sold in the offering was $93.9 million. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-181331), which was declared effective by the SEC on July 17, 2013.

There has been no material change in the planned use of proceeds from our IPO as described in the Prospectus. We invested the funds received in short-term, interest-bearing investment-grade securities and government securities.

***(c)***

Not applicable.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

***(a)***

Not applicable.

***(b)***

Not applicable.

**ITEM 6. EXHIBITS**

| Exhibit No. | Description of Exhibit |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on July 23, 2013 and incorporated herein by reference). |
| 3.2 | Amended and Restated Bylaws (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K on July 23, 2013 and incorporated herein by reference). |
| 4.1 | Form of Common Stock Certificate (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.2(A) | Warrant to Purchase Stock, dated October 14, 2004, issued to Silicon Valley Bank (filed as Exhibit 4.2(A) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.2(B) | Amendment to Warrant Agreement, dated December 5, 2005, by and between the registrant and Silicon Valley Bank (filed as Exhibit 4.2(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.3(A) | Plain English Warrant, dated January 12, 2007, issued to TriplePoint Capital LLC (filed as Exhibit 4.3(A) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.3(B) | Plain English Warrant, dated January 12, 2007, issued to TriplePoint Capital LLC (filed as Exhibit 4.3(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.3(C) | Plain English Warrant, dated March 7, 2008, issued to TriplePoint Capital LLC (filed as Exhibit 4.3(C) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.3(D) | Plain English Warrant, dated October 7, 2008, issued to TriplePoint Capital LLC (filed as Exhibit 4.3(D) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.4(A) | Amended and Restated Investor Rights Agreement, dated October 7, 2008, by and among the registrant and certain stockholders (filed as Exhibit 4.4(A) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 4.4(B) | Amendment and Consent, dated September 16, 2010, by and among the registrant and certain stockholders (filed as Exhibit 4.4(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.1 | OncoMed Pharmaceuticals, Inc. 2013 Equity Incentive Award Plan (filed as Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.2 | Form of Stock Option Agreement under the OncoMed Pharmaceuticals, Inc. 2013 Equity Incentive Award Plan (filed as Exhibit 10.7(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.3 | OncoMed Pharmaceuticals, Inc. Employee Stock Purchase Plan (filed as Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |

| | |
|---|---|
| 10.4 | Amendment to Employment Agreement, dated July 2, 2013, by and between the registrant and Paul Hastings (filed as Exhibit 10.9(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.5 | Form of Lock-up Agreement by and between the registrant and certain stockholders (filed as Exhibit 10.16 to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.6 | Form of Lock-up Agreement by and between the registrant and its officers and directors (filed as Exhibit 10.22(A) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.7 | Form of Lock-up Agreement by and between the registrant and certain stockholders (filed as Exhibit 10.22(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference). |
| 10.8 | Non-Employee Director Compensation Policy, adopted August 28, 2013, as amended October 14, 2013. |
| 10.9† | Amendment 2 to the Collaboration and Option Agreement, dated August 27, 2013, by and between the registrant and Bayer Schering Pharma AG. |
| 31.1 | Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended. |
| 31.2 | Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended. |
| 32.1 | Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350. |
| 101* | The following materials from Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, formatted in eXtensible Business Reporting Language (XBRL) includes: (i) Condensed Balance Sheets at September 30, 2013 (unaudited) and December 31, 2012, (ii) Condensed Statements of Operations and Comprehensive Loss (unaudited) for the three and nine months ended September 30, 2013 and 2012, (iii) Condensed Statements of Cash Flows (unaudited) for the nine months ended September 30, 2013 and 2012, and (iv) Notes to Condensed Financial Statements. |

* XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Exchange Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment and this exhibit has been filed separately with the SEC.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**OncoMed Pharmaceuticals, Inc.**

Date: November 13, 2013

By: /s/ William D. Waddill

**William D. Waddill**
**Senior Vice President and Chief Financial Officer**
**(principal financial and accounting officer)**

**EXHIBIT INDEX**

Listed and indexed below are all Exhibits filed as part of this report.

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† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment and this exhibit has been filed separately with the SEC.

**Exhibit 10.8**

**ONCOMED PHARMACEUTICALS, INC.**
**NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

**Approved by the Board of Directors on August 28, 2013, as amended October 14, 2013**

Non-employee members of the board of directors (the "***Board***") of OncoMed Pharmaceuticals, Inc. (the "***Company***") shall be eligible to receive cash and equity compensation commencing on the date immediately preceding the first date upon which the Company is subject to the reporting requirements of Section 13 or 15(d)(2) of the Securities Exchange Act of 1934, as amended (the "***Public Trading Date***"), as set forth in this Non-Employee Director Compensation Policy (this "***Policy***"). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "***Non-Employee Director***") who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy shall remain in effect until it is revised or rescinded by further action of the Board. The terms and conditions of this Policy shall supersede any prior cash or equity compensation arrangements between the Company and its Non-Employee Directors.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall be eligible to receive an annual retainer of $35,000 for service on the Board. In addition, a Non-Employee Director shall receive the following additional annual retainers, as applicable:

(i) Chairperson of the Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $15,000 for such service.

(ii) Member of the Audit Committee. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of $10,000 for such service.

(iii) Chairperson of the Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $10,000 for such service.

(iv) Member of the Compensation Committee. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of $7,000 for such service.

(v) Chairperson of the Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $8,000 for such service.

(vi) Member of the Nominating and Corporate Governance Committee. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of $5,000 for such service.

(b) Payment of Retainers. The annual retainers described in Section 1(a) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(a), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such positions, as applicable.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2013 Equity Incentive Award Plan (the "***Equity Plan***") and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the same forms previously approved by the Board, setting forth the vesting schedule applicable to such awards and such other terms as may be required by the Equity Plan.

(a) Initial Awards. A person who is initially elected or appointed to the Board following the Public Trading Date, and who is a Non-Employee Director at the time of such initial election or appointment, shall be eligible to receive a stock option to purchase that number of shares of common stock equal to 0.1% of the Company's outstanding capital stock on the date of such initial election or appointment. The awards described in this Section 2(a) shall be referred to as "***Initial Awards***." No Non-Employee Director shall be granted more than one Initial Award.

(b) Subsequent Awards. A person who is a Non-Employee Director immediately following each annual meeting of the Company's stockholders after the Public Trading Date and who will continue to serve as a Non-Employee Director immediately following such annual meeting shall be automatically granted an option to purchase 15,000 shares of the Company's common stock on the date of each such annual meeting. The awards described in this Section 2(b) shall be referred to as "***Subsequent Awards***." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an annual meeting of the Company's stockholders shall only receive an Initial Award in connection with such election, and shall not receive any Subsequent Award on the date of such meeting as well.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(a) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Subsequent Awards as described in Section 2(b) above.

(d) Terms of Awards Granted to Non-Employee Directors.

(i) Purchase Price. The per share exercise price of each option granted to a Non-Employee Director shall equal 100% of the Fair Market Value (as defined in the Equity Plan) of a share of common stock on the date the option is granted.

(ii) Vesting. Each Initial Award shall vest and become exercisable in three equal annual installments over the three year period following the date of grant, subject to the Non-Employee Director continuing in service on the Board through each such vesting date. Each Subsequent Award shall vest and/or become exercisable in full upon the earlier of the first anniversary of the date of grant or the date of the next annual meeting of stockholders, subject to the Non-Employee Director continuing in service on the Board through such vesting date.

(iii) Term. The term of each stock option granted to a Non-Employee Director shall be ten years from the date the option is granted.

(iv) Upon a Change in Control (as defined in the Equity Plan) of the Company, all outstanding equity awards granted under the Equity Plan or any other equity incentive plan maintained by the Company that are held by a Non-Employee Director shall become fully vested and/or exercisable, irrespective of any other provisions of the Non-Employee Director's award agreement.

**Exhibit 10.9**

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

**AMENDMENT 2 TO THE**
**COLLABORATION AND OPTION AGREEMENT**

**THIS AMENDMENT 2 TO THE COLLABORATION AND OPTION AGREEMENT** (the "**Amendment**") is made and entered into on August 27, 2013 (the "**Amendment Date**"), by and between **OncoMed Pharmaceuticals, Inc.** a Delaware corporation located at 800 Chesapeake Drive. Redwood City, California 94063. United States of America ("**OncoMed**"), and **Bayer Pharma AG**, a German corporation located at Müllerstrasse 178, 13353 Berlin, Germany which previously acted under the name Bayer Schering Pharma AG ("**BSP**"). OncoMed and BSP are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

**RECITALS**

**WHEREAS**, OncoMed and BSP entered into a Collaboration and Option Agreement effective as of June 15, 2010 and amended as of August 1, 2012 (as amended, the "**Agreement**") pursuant to which they agreed to collaborate to discover and develop biologic and small molecule compounds directed to targets within the Wnt cellular pathway;

**WHEREAS**, pursuant to Section 6.3.1 and Exhibit 6.3.1 of the Agreement, a milestone payment is due to OncoMed upon achievement of both the completion of dose escalation in the first Phase I Trial for the 18R5 Collaboration Compound and the Parties' agreement on the design of a Phase I Trial extension cohort for the 18R5 Collaboration Compound (the "**Milestone Payment**");

**WHEREAS**, the Parties originally jointly agreed on the design of a dose escalation study in a first Phase I Trial of the 18R5 Collaboration Compound (the "**First Escalation Study**"), in which subjects would receive varying doses of the 18R5 Collaboration Compound up to a specified maximum dose (the "**Original Maximum Dose**");

**WHEREAS,** the Parties have jointly agreed on the design of the Phase Ib Trials of the 18R5 Collaboration Compound;

**WHEREAS**, the Parties have agreed to initiate [***] while continuing [***] to explore further [***];

**WHEREAS**, OncoMed is not obligated under the Agreement to [***], but OncoMed is willing to do so as long as it is paid the Milestone Payment upon completion of dosing of subjects in the First Escalation Study up to, and including, the Original Maximum Dose and the Parties' agreement on the design of the Phase Ib Trials;

**WHEREAS**, the Parties therefore desire to modify the timing of certain payment terms under the Agreement relating to the 18R5 Class; and

**WHEREAS**, the Parties desire to clarify BSP's right to conduct development and commercialization of [***].

**AMENDMENT**

**NOW, THEREFORE,** in consideration of the foregoing and the mutual agreements set forth below, the Parties agree as follows:

1. Any capitalized terms used in this Amendment shall have the meaning set forth in the Agreement, unless otherwise defined herein.

2. The Milestone Payment, in the amount of USD 10 million as set forth in Exhibit 6.3.1, shall be payable with respect to the 18R5 Collaboration Compound pursuant to Section 6.3.1 upon achievement of (i) completion of dosing in the First Escalation Study up to, and including, the Original Maximum Dose, and (ii) the Parties' agreement on the design of the Phase Ib Trials;

3. [***].

4. [***] shall be deleted from Exhibit 1.114 and Exhibit 1.114 shall be replaced by the restated version attached to this Amendment. For clarity. BSP shall not use any Assay Technology or OncoMed Intellectual Property in connection with the research, development, manufacturing or commercialization of any products directed against [***], or any products useful as biomarkers or assays to detect [***] expression or activity, alone or in connection with [***]-targeted therapies.

5. All other terms and conditions of the Agreement shall remain in full force and effect.

6. This Amendment maybe executed in counter-parts with the same effect as if both Parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument. Signatures to this Amendment transmitted by facsimile, by email in "portable document format" (".pdf"), or by any other electronic means intended to preserve the original graphic and pictorial appearance of this Amendment shall have the same effect as physical delivery of the paper document bearing original signature.

7. This Amendment, together with all Exhibits hereto and the Agreement and all Exhibits thereto, constitutes the entire agreement between the Parties as to the subject matter of this Amendment, and supersedes and merges all prior and contemporaneous negotiations, representations, agreements and understandings regarding the same.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their respective duly authorized officers as of the Effective Date.

**ONCOMED PHARMACEUTICALS, INC.**

By: /s/ Paul J. Hastings
Name: Paul J. Hastings
Title: President and CEO

**BAYER PHARMA AG**

By: ppa. /s/ Andreas Busch
Name: Prof. Dr. Andreas Busch
Title: Head of Global Drug Discovery

By: i.V. /s/ Bertolt Kreft
Name: Dr. Bertolt Kreft
Title: Immunotherapy & Anti-body-Drug Conjugates

**Exhibit 1.114**

**Pathway**

[***] the Wnt pathway:

1. [***]

2. [***]

3. [***]

4. [***]

5. [***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

**Exhibit 31.1**

**CERTIFICATION**

I, Paul J. Hastings, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OncoMed Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2013

/s/ Paul J. Hastings
Paul J. Hastings
Chairman and Chief Executive Officer
(principal executive officer)

**Exhibit 31.2**

**CERTIFICATION**

I, William D. Waddill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OncoMed Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2013

/s/ William D. Waddill
William D. Waddill
Senior Vice President and Chief Financial Officer
(principal financial and accounting officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of OncoMed Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2013, as filed with the Securities and Exchange Commission (the "Report"), Paul J. Hastings, Chairman and Chief Executive Officer of the Company, and William D. Waddill, Senior Vice President and Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2013

/s/ Paul J. Hastings
Paul J. Hastings
Chairman and Chief Executive Officer
(principal executive officer)

/s/ William D. Waddill
William D. Waddill
Senior Vice President and Chief Financial Officer
(principal financial and accounting officer)