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

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**Form 10-Q**

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(Mark One)

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

For the quarterly period ended March 31, 2018

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

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**OncoMed Pharmaceuticals, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**800 Chesapeake Drive**  
**Redwood City, California**  
(Address of Principal Executive Offices)

**38-3572512**  
(I.R.S. Employer  
Identification No.)

**94063**  
(Zip Code)

**(650) 995-8200**

(Registrant's Telephone Number, Including Area Code)

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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, a smaller reporting or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 May 7, 2018, the number of outstanding shares of the registrant's common stock, par value \$0.001 per share, was 38,431,086.

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**ONCOMED PHARMACEUTICALS, INC.**  
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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## OncoMed Pharmaceuticals, Inc.

Condensed Balance Sheets  
(Unaudited)

(In thousands, except share and per share amounts)

	March 31, 2018	December 31, 2017 (Note 2)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 14,125	\$ 13,277
Short-term investments	74,299	89,814
Accounts receivable and other receivables	258	405
Prepaid and other current assets	1,669	1,709
Total current assets	90,351	105,205
Property and equipment, net	2,934	3,275
Other assets	1,846	1,842
Total assets	<u>\$ 95,131</u>	<u>\$ 110,322</u>
<b>Liabilities and stockholders' equity (deficit)</b>		
Current liabilities:		
Accounts payable	\$ 704	\$ 2,565
Accrued liabilities	2,956	3,940
Accrued clinical liabilities	3,286	4,434
Current portion of deferred revenue	27,919	82,193
Total current liabilities	34,865	93,132
Deferred revenue, less current portion	9,748	61,645
Deferred rent, less current portion	3,800	3,765
Non-current income tax payable	386	383
Total liabilities	48,799	158,925
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized at March 31, 2018 and December 31, 2017; no shares issued and outstanding at March 31, 2018 and December 31, 2017	—	—
Common stock, \$0.001 par value; 145,000,000 shares authorized at March 31, 2018 and December 31, 2017; 38,259,662 shares and 38,212,505 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	38	38
Additional paid-in capital	405,397	403,077
Accumulated other comprehensive income	156	289
Accumulated deficit	(359,259)	(452,007)
Total stockholders' equity (deficit)	46,332	(48,603)
Total liabilities and stockholders' equity (deficit)	<u>\$ 95,131</u>	<u>\$ 110,322</u>

See accompanying notes to the condensed financial statements.

**OncoMed Pharmaceuticals, Inc.**  
**Condensed Statements of Operations**  
**(Unaudited)**  
(In thousands, except share and per share amounts)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenue:</b>		
Collaboration revenue	\$ 7,849	\$ 5,302
Other revenue	—	911
Total revenue	7,849	6,213
<b>Operating expenses:</b>		
Research and development	8,387	23,987
General and administrative	5,394	4,984
Total operating expenses	13,781	28,971
Loss from operations	(5,932)	(22,758)
Interest and other income, net	363	154
Loss before provision for income taxes	(5,569)	(22,604)
Provision for income taxes	5	4
Net loss	\$ (5,574)	\$ (22,608)
Net loss per common share, basic and diluted	\$ (0.15)	\$ (0.61)
Shares used to compute net loss per common share, basic and diluted	38,243,427	37,271,023

See accompanying notes to the condensed financial statements.

**OncoMed Pharmaceuticals, Inc.**

**Condensed Statements of Comprehensive Loss**  
**(Unaudited)**  
(In thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net loss	\$ (5,574)	\$ (22,608)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities, net of tax	(133)	8
<b>Total comprehensive loss</b>	<b>\$ (5,707)</b>	<b>\$ (22,600)</b>

See accompanying notes to the condensed financial statements.

**OncoMed Pharmaceuticals, Inc.**  
**Condensed Statements of Cash Flows**  
**(Unaudited)**  
(In thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Net loss	\$ (5,574)	\$ (22,608)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	423	428
Stock-based compensation	2,278	3,123
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	147	863
Prepaid and other current assets	40	(708)
Other assets	(4)	444
Accounts payable	(1,861)	(980)
Accrued liabilities	(888)	(1,663)
Accrued clinical liabilities	(1,148)	(3,146)
Deferred revenue	(7,849)	(5,331)
Deferred rent	34	600
Net cash used in operating activities	<u>(14,402)</u>	<u>(28,978)</u>
<b>Investing activities</b>		
Purchases of property and equipment	(172)	(400)
Purchases of short-term investments	(54,270)	(9,967)
Maturities of short-term investments	69,651	39,854
Net cash provided by investing activities	<u>15,209</u>	<u>29,487</u>
<b>Financing activities</b>		
Proceeds from issuance of common stock related to the exercise of options and employee stock plan purchases	41	1,733
Net cash provided by financing activities	<u>41</u>	<u>1,733</u>
Net increase in cash and cash equivalents	848	2,242
Cash and cash equivalents at beginning of period	13,277	36,953
Cash and cash equivalents at end of period	<u>\$ 14,125</u>	<u>\$ 39,195</u>
<b>Supplemental cash flow information:</b>		
Accrued liabilities for purchase of property and equipment	<u>\$ 82</u>	<u>\$ 30</u>

See accompanying notes to the condensed financial statements.

## OncoMed Pharmaceuticals, Inc.

### Notes to the Unaudited Condensed Financial Statements

#### 1. Organization

OncoMed Pharmaceuticals, Inc. (“OncoMed”, the “Company”, “us”, “we”, or “our”) is a clinical-stage biopharmaceutical company focused on discovering and developing novel therapeutics that address the fundamental biology driving cancer’s growth, resistance, recurrence and metastasis. The Company currently has three anti-cancer therapeutic candidates in active clinical development. The Company is also pursuing discovery of additional novel approaches to cancer treatment, including new immuno-oncology therapeutic candidates. The Company’s operations are based in Redwood City, California and it operates in one segment.

#### 2. Summary of Significant Accounting Policies

##### *Basis of Presentation*

The Company’s financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim reporting. 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. These interim results are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or for any subsequent interim period.

The condensed balance sheet data as of December 31, 2017 was derived from the audited financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017. The accompanying condensed financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the Securities and Exchange Commission (the “SEC”) on March 9, 2018.

There have been no material changes to our significant accounting policies as of and for the three months ended March 31, 2018, except for the policy related to revenue recognition.

##### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP 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, but not limited to, those related to revenue recognition, preclinical study and clinical trial accruals, fair value of assets and liabilities, restructuring charges, stock-based compensation and income taxes. 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.

##### *Revenue Recognition*

Effective January 1, 2018, the Company adopted Accounting Standards Codification, or ASC, Topic 606, Revenue from Contracts with Customers, using the modified retrospective transition method. Under this method, the Company recorded a cumulative adjustment to the opening balance of accumulated deficit and to deferred revenue. Under Topic 606, the Company recognizes revenue when it transfers control of promised goods or services to its customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once a contract is determined to be within the scope of Topic 606, the Company assesses the goods or services promised within the contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company evaluated its existing contracts and only applied Topic 606 to those contracts that were not completed at January 1, 2018. As a result of this evaluation, the Company determined that only its collaboration with Celgene Corporation (“Celgene”) is

within the scope of Topic 606. The terms of this arrangement include payment to the Company of a non-refundable, upfront fee; potential development, regulatory and sales milestones; program opt-in payments; and royalties on net product sales. Each of these payments results in collaboration revenue, except for revenues from royalties on net product sales, which would be classified as royalty revenues. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its collaboration agreement with Celgene, the Company applies the five-step model. As part of the accounting for this arrangement, the Company must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. The Company also must develop assumptions that require judgment in determining the measure of progress used to recognize revenue.

#### *Milestone Payments*

At the inception of each arrangement that includes development, regulatory or commercial milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or partner, such as regulatory approvals, are not considered probable of being achieved until those approvals are received or the underlying activity has been completed. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect collaboration revenues and earnings in the period of adjustment.

#### *Customer Concentration*

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

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Bayer Pharma AG ("Bayer")	*	13%
Celgene	100%	84%

\* Less than 10%

#### *Net Loss per Common Share*

Basic net loss per common share is calculated by dividing the net loss 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 by the weighted-average number of common shares and common share equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, potentially dilutive securities consisting of common stock subject to repurchase, stock options and restricted stock units 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 anti-dilutive for all periods presented.

#### *Newly Adopted and Recent Accounting Pronouncements*

*Accounting Standard Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition.*

In May 2014, the Financial Accounting Standards Board ("FASB") issued a comprehensive new standard on revenue from contracts with customers, ASU No. 2014-09, Revenue from Contracts with Customers, or Topic 606. The standard's core principle is that a reporting entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt this new guidance. In 2016, the FASB updated the guidance for reporting revenue gross versus net to improve the implementation guidance on principal versus agent considerations, and for identifying performance obligations and the accounting of intellectual property licenses. In addition, the FASB introduced practical expedients and made narrow scope improvements to the new accounting guidance.



### Collaboration with Celgene

The Company adopted the accounting standard update on January 1, 2018 using the modified retrospective approach, for its collaboration agreement with Celgene. Therefore, comparative historical information will not be adjusted and will continue to be reported under ASC 605 with the impact of the transition reflected in the opening balance of accumulated deficit as of January 1, 2018. The consideration the Company is eligible to receive under this agreement includes upfront payments, milestone payments and program opt-in payments. The new revenue recognition standard differs from ASC 605 in many respects, such as in the accounting for variable consideration and the measurement of progress toward completion of performance obligations. The most significant impact of the standard relates to the Company's method of revenue recognition for performance obligations that are delivered over time. Under the new standard, milestone payments are included in the transaction price as variable consideration, subject to a constraint, and are allocated to the performance obligations in the contract when recognized. Through December 31, 2017, the Company also received payments from Celgene to reimburse the costs of research and development services performed by the Company; these payments were historically recorded as other revenue. As the performance of these research and development services was at the Company's discretion and are not reflective of a commitment or performance obligation pursuant to the Celgene agreement, the reimbursement paid to the Company has been excluded from the transaction price.

The Company's deferred revenue associated with its Celgene collaboration agreement as of December 31, 2017 under Topic 605 was \$143.8 million. As a result of adopting Topic 606, the Company recorded a \$98.3 million reduction to its deferred revenue and opening accumulated deficit on January 1, 2018 as a result of the cumulative impact of the change in the recognition of the upfront and milestone payments using the input method (described further in Note 5, "Collaborations") under Topic 606, rather than on a ratable basis which was applied in prior periods. Under Topic 606, collaboration revenue under the Company's collaboration agreement with Celgene from inception of the agreement through January 1, 2018 was \$186.2 million and deferred revenue was \$45.5 million as of January 1, 2018. The remaining performance obligation under the contract is estimated to be substantially complete by the third quarter of 2019.

### Collaborations with Bayer and GlaxoSmithKline ("GSK")

As the GSK collaboration was terminated in its entirety on October 28, 2017, this arrangement was outside the scope of Topic 606 as of the adoption date. For the Bayer collaboration, Bayer terminated all biologic therapeutic programs under the collaboration effective June 16, 2017, while the small molecule therapeutics program remained active. Refer to Note 5, "Collaborations," for further details. The Company has determined that the small molecule therapeutic program remaining as of December 31, 2017 is immaterial in the context of the collaboration agreement relative to the biologics therapeutic programs that was terminated during 2017. The Company's performance obligations under the small molecule therapeutic program with respect to Bayer were substantially complete at December 31, 2017, and any future receipts in the form of milestones or royalties are contingent upon the achievement of specified development, commercial and/or sales targets. The Company has concluded that there was no transition adjustment to be recognized on January 1, 2018 for these two agreements.

### Impact of Adoption

The following table summarizes the impact of adopting Topic 606 on select unaudited condensed balance sheets and condensed statement of operations line items (in thousands, except per share data):

	<u>Balance at December 31, 2017</u>	<u>Adjustment</u>	<u>Balance at January 1, 2018</u>
<b>Condensed Balance Sheets:</b>			
Deferred revenue, current portion	\$ 82,193	\$ (51,299)	\$ 30,894
Deferred revenue, non-current portion	61,645	(47,023)	14,622
Accumulated deficit	(452,007)	98,322	(353,685)
<b>For the three months ended March 31, 2018</b>			
	<u>As Reported</u>	<u>Adjustment</u>	<u>Balances without the adoption of Topic 606</u>
<b>Condensed Statements of Operations:</b>			
Collaboration revenue	7,849	12,700	20,549
Income (loss) from operations	(5,932)	12,700	6,768
Net income (loss)	(5,574)	12,700	7,126
Net income (loss) per common shares, basic and diluted	\$ (0.15)	\$ 0.33	\$ 0.19

### Contract Balances

Upfront payments and fees may be required to be recorded as deferred revenue upon receipt or when due, and recognized in a future period when or as the Company performs its obligations under these arrangements. Amounts payable to the Company are recorded as accounts receivable when the Company's right to consideration is unconditional.

As of March 31, 2018, the Company's contract liabilities, which consisted of deferred revenue, decreased by a total of \$106.1 million from December 31, 2017, of which \$98.3 million was related to the cumulative adjustment to the opening balance of accumulated deficit upon the adoption of Topic 606 on January 1, 2018 and \$7.8 million related to revenue recognized for the three months ended March 31, 2018. The remaining performance obligation under the contract is expected to be substantially complete by the third quarter of 2019. Upon adoption of the standard as of January 1, 2018, the Company had a \$45.5 million contract liability. As of March 31, 2018 Company had a \$37.7 million contract liability.

### ASU No. 2016-02, Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize almost all leases with a term greater than one year as a right-of-use asset and corresponding liability, measured at the present value of the lease payments. The guidance will become effective for the Company beginning in the first quarter of 2019 and is required to be adopted using a modified retrospective approach, with early adoption permitted. While the Company is currently evaluating the impact of the adoption of this standard on its financial statements, the Company anticipates recognition of additional assets and corresponding liabilities related to leases on its Balance Sheet.

### 3. Cash, Cash Equivalents and Investments

The fair value of securities at March 31, 2018 and December 31, 2017, were as follows (in thousands):

	March 31, 2018			
	Amortized	Gross Unrealized		Fair
	Cost	Gains	Losses	Value
Money market funds	\$ 183	\$ —	\$ —	\$ 183
U.S. treasury bills	74,143	157	(1)	74,299
Total available-for-sale securities	<u>\$ 74,326</u>	<u>\$ 157</u>	<u>\$ (1)</u>	<u>\$ 74,482</u>
Classified as:				
Cash equivalents				\$ 183
Short-term investments				74,299
Total cash equivalents and investments				<u>\$ 74,482</u>

As of March 31, 2018, the Company had a total of \$88.4 million in cash, cash equivalents and short-term investments, which includes \$14.1 million in cash and cash equivalents and \$74.3 million in short-term investments.

	December 31, 2017			
	Amortized	Gross Unrealized		Fair
	Cost	Gains	Losses	Value
Money market funds	\$ 99	\$ —	\$ —	\$ 99
U.S. treasury bills	89,525	289	—	89,814
Total available-for-sale securities	<u>\$ 89,624</u>	<u>\$ 289</u>	<u>\$ —</u>	<u>\$ 89,913</u>
Classified as:				
Cash equivalents				\$ 99
Short-term investments				89,814
Total				<u>\$ 89,913</u>

As of December 31, 2017, the Company had a total of \$103.1 million in cash and short-term investments, which includes \$13.3 million in cash and \$89.8 million in short-term investments.

All available-for-sale securities held as of March 31, 2018 and December 31, 2017 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 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 Company applies the following hierarchy for disclosure of the inputs used to measure fair value, which prioritizes the inputs used into three broad levels 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):

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 183	\$ —	\$ —	\$ 183
U.S. treasury bills	—	74,299	—	74,299
Total	<u>\$ 183</u>	<u>\$ 74,299</u>	<u>\$ —</u>	<u>\$ 74,482</u>
	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 99	\$ —	\$ —	\$ 99
U.S. treasury bills	—	89,814	—	89,814
Total	<u>\$ 99</u>	<u>\$ 89,814</u>	<u>\$ —</u>	<u>\$ 89,913</u>

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.

## 5. Collaborations

### Summary of Collaboration Related Revenue

The Company has recognized the following revenues from its collaboration agreements during the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,	
	2018	2017
Celgene:		
Recognition of upfront payments	\$ 7,849	\$ 5,013
Other revenue	—	210
Celgene total	7,849	5,223
Bayer:		
Recognition of upfront payments	—	139
Other revenue	—	698
Bayer total	—	837
GSK:		
Recognition of upfront payments	—	150
Other revenue	—	3
GSK total	—	153
Total collaboration related revenue	\$ 7,849	\$ 6,213

### Adoption of ASU No. 2014-09

On January 1, 2018, the Company adopted ASU No. 2014-09 using the modified retrospective method. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with Topic 605.

### Celgene Strategic Alliance

In December 2013, the Company entered into a collaboration agreement with Celgene pursuant to which the Company and Celgene are collaborating on research and development programs directed to the discovery and development of novel biologic therapeutics. As of March 31, 2018, the Company is not eligible to receive any milestone payments under its collaboration with Celgene prior to the point that Celgene exercises its options. The Company is eligible to receive up to approximately \$97.8 million of contingent consideration if Celgene exercises its options for all of the navicixizumab program, the rosmantuzumab program, and the anti-TIGIT program. Following Celgene's exercise of its option for a biologic therapeutic program, the Company will have co-development and co-commercialization rights for the navicixizumab program and the rosmantuzumab program in the U.S. If the Company chooses to co-develop and co-commercialize biologic therapeutic products in such programs in the U.S., the Company will be responsible for one-third and Celgene will be responsible for two-thirds of worldwide development costs, and the Company and Celgene will share 50% of all product profits and losses in the U.S. Outside the U.S., Celgene will have exclusive development and commercialization rights for such programs, with the Company eligible to receive milestones and tiered royalties on product sales. With respect to the anti-TIGIT program, and the navicixizumab program and/or the rosmantuzumab program if the Company elects not to co-develop and co-commercialize biologic therapeutic products under such program, Celgene will have exclusive development and commercialization rights worldwide, with the Company eligible to receive milestones and tiered royalties on worldwide product sales, with such royalties being increased where the Company had the right to co-develop and co-commercialize biologic therapeutic products under such program but elected not to do so. If Celgene successfully develops and commercializes all of the product candidates, the Company could receive additional contingent consideration of up to \$1.29 billion for the achievement of post-option exercise development, regulatory events and sales milestones. As all contingent consideration is based solely on the performance of Celgene, the Company would recognize the contingent payments upon receipt immediately as collaboration revenue if the Company had no further performance obligations under the agreement with Celgene.

The Company assessed its collaboration agreement with Celgene in accordance with Topic 606 and concluded that Celgene is a customer. The Company determined that its performance obligation under the arrangement with Celgene is research and development services. As part of the promised research and development services, the Company may provide the resultant data to Celgene to assist Celgene in determining whether or not to exercise its options. Under the arrangement, Celgene has options to further develop and commercialize biologic therapeutics in each program under the collaboration, which may be exercised during time periods specified in the agreement. Upon Celgene's exercise of its option for certain programs, the Company may, at its discretion,

gain co-development and co-commercialization rights and corresponding obligations. The Company determined that the exclusive option(s) provided to Celgene is not a material right under Topic 606 and thus it is not a performance obligation. Based on its assessment, the Company has identified the research and development services as the only performance obligation at the inception of the collaboration agreement.

Prior to recognizing revenue, the Company estimates the transaction price, including variable consideration that is subject to a constraint. Amounts of variable consideration are included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration includes payments based upon the achievement of specified milestones, and royalty payments based on product sales derived from the collaboration. Under the collaboration agreement, the Company determined that the non-refundable upfront cash payment of \$155.0 million and stock premium of \$1.7 million received in December 2013 constitute consideration to be included in the transaction price. The Company also included in the transaction price the \$70.0 million demcizumab safety milestone that was achieved in December 2015 and the two designation milestone payments of \$2.5 million each for the designation of anti-RSPO3 (OMP-131R10) and anti-TIGIT as clinical candidates in 2014 and 2015, respectively. The total consideration received of \$231.7 million constitutes the transaction price at the transition date for Topic 606. Through December 31, 2017, the Company also received a total of \$2.5 million in the aggregate from Celgene to reimburse the costs of research and development services performed by the Company; these reimbursements have historically been recorded as other revenue. As the performance of these research and development services was at the Company's discretion and is not a commitment or performance obligation pursuant to the Celgene collaboration agreement, the reimbursement paid to the Company has been excluded from the transaction price. None of the remaining development and regulatory milestone amounts have been included in the transaction price, as all milestone amounts were fully constrained as of January 1, 2018 and March 31, 2018. As part of the Company's evaluation of the constraint, the Company considered numerous factors, including that receipt of the milestone amounts is outside the control of the Company and contingent upon success in future clinical trials. Any consideration related to royalties on net product sales will be recognized when the related sales occur and therefore have also been excluded from the transaction price. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

Following the adoption of Topic 606, the Company recognizes collaboration revenue by measuring the progress toward complete satisfaction of the performance obligation using an input measure. The Company concluded the method that best correlates with progress of the services provided to Celgene is the input method, based on actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation. The Company will evaluate the estimate of expected costs to satisfy the performance obligation each reporting period and make adjustments for any significant changes. Under Topic 606, collaboration revenue under the Company's collaboration agreement with Celgene from inception of the agreement through January 1, 2018 was \$186.2 million and deferred revenue was \$45.5 million as of January 1, 2018. The performance obligation under the contract is estimated to be substantially complete by the third quarter of 2019.

The impact of adopting Topic 606 on the accounting treatment of the Company's collaboration agreement with Celgene primarily relates to the change in the timing of revenue recognition of the transaction price. The Company's deferred revenue associated with its Celgene collaboration agreement as of December 31, 2017 under Topic 605 was \$143.8 million. Upon adoption of the standard as of January 1, 2018, the Company recognized a cumulative catch up adjustment of \$98.3 million, which was recorded as a decrease to the opening balance of accumulated deficit, and a corresponding decrease in the deferred revenue balance from the Company's collaboration with Celgene.

#### ***Bayer Strategic Alliance***

In June 2010, the Company entered into a strategic alliance with Bayer to discover, develop and commercialize novel anti-CSC biologic and small molecule therapeutics targeting the Wnt signaling pathway. Effective June 16, 2017, Bayer terminated all biologic therapeutic programs under its collaboration with the Company. The Company is no longer eligible to receive any payments under its collaboration with Bayer with respect to biologic therapeutic candidates. With respect to the Wnt pathway small molecule program, the Company remains eligible to receive up to \$17.0 million in development milestone payments for each small molecule candidate as well as contingent consideration payments for each small molecule candidate of up to \$15.0 million for the achievement of certain regulatory events and up to \$70.0 million upon the achievement of specified future product sales. As all such contingent consideration is based solely on the performance of Bayer, the Company would recognize the contingent payments upon receipt immediately as collaboration revenue if the Company had no further performance obligations under the agreement with Bayer.

The Company evaluated the agreement under Topic 606, and determined that the small molecule therapeutic program remaining as of December 31, 2017 is immaterial in the context of the collaboration agreement relative to the biologics therapeutic programs that was terminated during 2017. Further, the Company's performance obligations under the small molecule therapeutic program were

substantially complete at December 31, 2017, and any future receipts in the form of milestones or royalties are contingent upon the achievement of specified development, commercial and/or sales targets by Bayer.

### *GSK Strategic Alliance*

Effective October 28, 2017, GSK terminated its collaboration agreement with the Company in its entirety. As a result of such termination, the Company is no longer eligible to receive any payments under the collaboration agreement with GSK and the Company has no remaining performance obligations. As the GSK collaboration was terminated in its entirety on October 28, 2017, this arrangement is outside the scope of Topic 606 as of the adoption date.

## **6. Stockholder's Equity**

### *Equity Incentive Plans*

As of March 31, 2018, a total of 7,336,120 shares of common stock have been authorized under the 2013 Equity Incentive Award Plan (the "2013 Plan"), including the additional 1,500,000 shares of common stock that became available on January 1, 2018 for future issuance under the 2013 Plan as a result of an annual automatic increase provision in the 2013 Plan. As of March 31, 2018, a total of 5,687,670 shares are subject to options and restricted stock units ("RSUs") outstanding under the 2013 Plan. There are 1,191,572 shares subject to options outstanding under the 2004 Stock Incentive Plan (the "2004 Plan") as of March 31, 2018, which 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 the Company's stock option and RSU award activity under the 2004 Plan and 2013 Plan including grants to nonemployees during the three months ended March 31, 2018 (in thousands):

	<b>Shares Available for Grant of Options and Awards</b>	<b>Options and Awards Outstanding</b>
Balance at December 31, 2017	606	6,097
Additional shares authorized	1,500	—
RSUs awarded	(70)	70
Options granted	(1,438)	1,438
Options exercised	—	—
RSUs vested	—	(26)
Options forfeited	582	(582)
RSUs forfeited	118	(118)
Balance at March 31, 2018	<u>1,298</u>	<u>6,879</u>

The weighted-average grant date estimated fair value of options granted during the three months ended March 31, 2018 was \$2.42 per share.

### *Employee Stock Purchase Plan*

As of March 31, 2018, a total of 1,893,620 shares of common stock have been authorized and 1,534,713 shares of common stock are available for future issuance under the Company's Employee Stock Purchase Plan (the "ESPP"). This authorized number includes the additional 350,000 shares of common stock that became available for future issuance under the ESPP as of January 1, 2018 as a result of an annual automatic increase provision in the ESPP. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP provides for six-month offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last trading day of the offering period.

During the three months ended March 31, 2018, the Company issued 21,157 shares under the ESPP.

### Stock-Based Compensation

Employee stock-based compensation expense was calculated based on awards expected to vest and has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures are expected to differ from those estimates.

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

	Three Months Ended March 31,	
	2018	2017
Research and development	\$ 967	\$ 1,706
General and administrative	1,311	1,417
Total	\$ 2,278	\$ 3,123

As of March 31, 2018, the Company had \$9.3 million, \$2.6 million and \$26,000 of unrecognized stock-based compensation expense related to stock options, RSUs and ESPP shares, respectively, which are expected to be recognized over an estimated weighted-average period of 3.1 years, 1.0 years and 0.4 years, respectively.

### Fair Value Disclosures

The fair value of stock options granted under the 2013 Plan and purchases under the Company's ESPP were estimated at grant date using the Black-Scholes option-pricing model. The fair value of stock-based awards was estimated using the following weighted average assumptions for the three months ended March 31, 2018 and 2017:

Stock Option Plan:	Three Months Ended March 31,	
	2018	2017
Weighted-average volatility	78.2%	73.8%
Weighted-average expected term (years)	6.2	6.2
Risk-free interest rate	2.5%	2.3%
Expected dividend yield	—	—

ESPP	Three Months Ended March 31,	
	2018	2017
Weighted-average volatility	88.7%	64.4%
Weighted-average expected term (years)	0.5	0.5
Risk-free interest rate	1.4%	0.5%
Expected dividend yield	—	—

### 7. Income Taxes

During the three months ended March 31, 2018 and 2017, the Company recorded an income tax provision of \$5,000 and \$4,000, respectively, related to discrete items resulting from interest on prior years' uncertain tax positions. The Company's deferred tax assets continue to be fully offset by a valuation allowance.

In the fourth quarter of 2017, the period in which the Tax Cuts and Jobs Act ("Tax Act") was enacted, the Company calculated its best estimate of the impact of the Tax Act in accordance with its understanding of the Tax Act. As a result, the Company recorded \$1.1 million as income tax benefit in the fourth quarter of 2017 and a corresponding receivable for the expected alternative minimum tax credit refund. The Tax Act also included changes to the Internal Revenue Code, such as a tax rate decrease which resulted in a reduction of \$51.7 million in the Company's deferred tax assets, and a corresponding decrease of the same amount in the valuation allowance against these deferred tax assets, as substantially all of the Company's deferred tax assets, net of deferred tax liabilities, are subject to a full valuation allowance. The adjustment to deferred taxes continues to be a provisional amount and a reasonable estimate at March 31, 2018. The Company does not expect any impact on recorded deferred tax balances as the remeasurement of net deferred tax assets will be offset by a change in valuation allowance. The Company is analyzing certain aspects of the Tax Act which could potentially affect the remeasurement of the net deferred tax assets as of March 31, 2018.

## 8. 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 anti-dilutive (in thousands):

	As of March 31,	
	2018	2017
Options to purchase common stock	6,073	4,893
RSUs	806	382
	<u>6,879</u>	<u>5,275</u>

## 9. Restructuring Charges

On April 24, 2017, the Company's Board of Directors approved a restructuring plan to reduce operating costs and better align its workforce with the needs of its business following the Company's announcements that its Phase II "YOSEMITE" clinical trial of demcizumab (anti-DLL4, OMP-21M18) did not meet its primary endpoint and would be discontinued, its Phase II "PINNACLE" clinical trial of tarextumab (anti-Notch2/3, OMP-59R5) did not meet its endpoints, its partner Bayer had decided not to exercise its options to license vantictumab (anti-Fzd, OMP-18R5) and ipafricept (Fzd8-Fc, OMP-54F28), and enrollment would be discontinued in the Phase Ib clinical trial of brontictuzumab (anti-Notch1, OMP-52M51). As a result, the Company incurred \$2.5 million in restructuring charges consisting of one-time severance payments and other employee related costs, and other charges through March 31, 2018, of which a majority was paid out in cash during the second quarter of 2017. There are no restructuring charges incurred during the three months ended March 31, 2018. The restructuring reserve of \$5,000 is included in accrued liabilities on the condensed balance sheet as of March 31, 2018, and is expected to be fully paid by the third quarter of 2018.



## 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 therapeutic 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 therapeutic candidates; the implementation of our business model, strategic plans for our business, therapeutic candidates and technology; the scope of protection we are able to establish and maintain for intellectual property rights covering our therapeutic 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 at-the-market offering, and our underwritten public offering; our financial performance; the anticipated timing, expected costs and financial impact of our restructuring plan and related reduction in force, and the financial impact of other cost saving initiatives; 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 "Item 1A—Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and 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-stage biopharmaceutical company focused on discovering and developing novel therapeutics that address the fundamental biology driving cancer's growth, resistance, recurrence and metastasis. We believe our therapeutic 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 therapeutic candidates were discovered internally in our own research laboratories.

We currently have three therapeutic candidates in active clinical development targeting cancer stem cell, or CSC, pathways and immuno-oncology. The first therapeutic candidate in active clinical development, navicixizumab (anti-DLL4/VEGF bispecific, OMP-305B83), has completed a single-agent Phase Ia trial in patients with advanced solid tumors, and we are conducting two Phase Ib clinical trials of navicixizumab in combination with standard chemotherapy regimens in patients with platinum-resistant ovarian cancer and metastatic colorectal cancer. Our second therapeutic candidate, anti-TIGIT (OMP-313M32), is currently in the single-agent Phase Ia portion of a Phase Ia/b clinical trial that is enrolling patients with advanced or metastatic solid tumors. We intend to initiate the Phase Ib portion of this clinical trial to study anti-TIGIT in combination with anti-PD1 in the second quarter of 2018. Our third therapeutic candidate, GITRL-Fc (OMP-336B11), is enrolling patients in a single-agent Phase Ia trial in patients with advanced or metastatic solid tumors. Clinical trials for all three of these therapeutic candidates are ongoing, with the intent of gathering additional data required to proceed to later stage clinical trials and potentially product approval. We are also currently discussing next steps with our partner Celgene Corporation, or Celgene, for a fourth clinical-stage program, our rosmantuzumab (anti-RSPO3, OMP-131R10) program, after our Phase Ia/b clinical trial of rosmantuzumab failed to provide compelling evidence of clinical benefit. In addition, we are also pursuing discovery of additional novel approaches to cancer treatment, including new immuno-oncology therapeutic candidates.

## 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 our current collaborators Celgene and Bayer Pharma AG, or Bayer, and our former collaborator GlaxoSmithKline, or GSK. See Note 2, "Summary of Significant Accounting Policies", in the Notes to Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion regarding our revenue recognition policy.

The following table summarizes our revenue for the three months ended March 31, 2018 and 2017, which is related to the recognition of upfront payments and reimbursements of research and development costs under our various collaboration arrangements (in thousands):

	Three Months Ended March 31,	
	2018	2017
Celgene:		
Recognition of upfront payments	\$ 7,849	\$ 5,013
Other revenue	—	210
Celgene total	7,849	5,223
Bayer:		
Recognition of upfront payments	—	139
Other revenue	—	698
Bayer total	—	837
GSK:		
Recognition of upfront payments	—	150
Other revenue	—	3
GSK total	—	153
Total collaboration related revenue	\$ 7,849	\$ 6,213

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 that we may receive in the future from our current collaboration with Celgene, our small molecule program collaboration with Bayer or any new collaboration we may enter 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 our prior and current collaborators Celgene, Bayer and GSK, as well as discovery and development of our proprietary un-partnered 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 ended March 31, 2018 and 2017 (in thousands). 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.

	<u>Three Months Ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
Internal Costs:		
Cancer biology, pathology and toxicology	\$ 1,964	\$ 4,489
Molecular and cellular biology	1,731	2,225
Process development and manufacturing	961	1,391
Product development	1,550	3,030
Subtotal internal costs	<u>6,206</u>	<u>11,135</u>
External Program Costs:		
Manufacturing	423	2,564
Clinical	1,465	8,041
Translational medicine	180	1,534
Toxicology	113	713
Subtotal external program costs	<u>2,181</u>	<u>12,852</u>
Total research and development expense	<u>\$ 8,387</u>	<u>\$ 23,987</u>

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 therapeutic candidates. The probability of success of each therapeutic 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 alliance with Celgene, we are responsible for development of each therapeutic candidate prior to the exercise of Celgene's option for the applicable program. Based on the terms of the contract, Celgene may exercise such option on a program-by-program basis during certain time periods through the earlier of completion of certain clinical trials or the twelfth anniversary of the date of our collaboration agreement. During the fourth quarter of 2017, the Company evaluated the development program status of the product candidates under the collaboration agreement with Celgene and determined that the clinical data it has obtained to date supported a revision in the Company's estimate of the remaining of period of performance to two years up to the third quarter of 2019. If Celgene exercises its option for the navicixizumab program or the rosmantuzumab program, we will have the option to co-develop and co-commercialize therapeutic candidates under such program in the United States. If we do so, we will be responsible for a one-third share of the global development costs of such therapeutic candidates, with Celgene bearing the remaining two-thirds of such costs, and we will be entitled to participate in the commercialization activities for such therapeutic candidates in the United States, and to share 50% of all profits and losses arising from U.S. sales of such therapeutic candidates. For the anti-TIGIT program, and the navicixizumab program and/or the rosmantuzumab program if we choose not to exercise our co-development and co-commercialization option, we will enter into a license agreement with Celgene for therapeutic candidates under such program whereupon Celgene would be responsible for all further development costs.

Most of our product development programs are at an early stage; therefore, the successful development of our therapeutic candidates is highly uncertain and may not result in approved products. Completion dates and completion costs can vary significantly for each therapeutic candidate and are difficult to predict. We anticipate that we and Celgene 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 therapeutic candidate, as well as an ongoing assessment as to each therapeutic candidate's commercial potential. We may need to raise additional capital or may seek additional strategic alliances in the future in order to complete the development and commercialization of our therapeutic candidates.

#### **General and Administrative**

Our general and administrative expenses consist primarily of personnel costs, allocated facilities-related expenses, depreciation of capital equipment and other expenses for outside professional services. Personnel costs consist of salaries, benefits and stock-based compensation. General and administrative personnel include our executive, finance, human resources, information technology and legal organizations. Our professional fees principally consist of outside legal, human resource, audit, tax and accounting services and other consulting costs.

### ***Interest and Other Income, net***

Interest and other income consist primarily of interest received on our cash and cash equivalents, and investment income from short-term investments.

### **Critical Accounting Policies and Estimates**

Our condensed financial statements are prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. The preparation of these condensed financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Except for the policies related to revenue recognition, there have been no significant and material changes in our critical accounting policies during the three months ended March 31, 2018, as compared to those disclosed in “*Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates*” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See Note 2, “Summary of Significant Accounting Policies”, in the Notes to Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion regarding our revenue recognition policy.

### ***Recent Accounting Pronouncements***

See Note 2 to the Notes to the Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements.

### **Results of Operations**

#### ***Comparison of the Three Months Ended March 31, 2018 and 2017***

(In thousands)	Three Months Ended March 31,		Dollar Change
	2018	2017	
Revenue:			
Collaboration revenue	\$ 7,849	\$ 5,302	\$ 2,547
Other revenue	—	911	(911)
Total revenue	7,849	6,213	1,636
Operating expenses:			
Research and development	8,387	23,987	(15,600)
General and administrative	5,394	4,984	410
Total operating expenses	13,781	28,971	(15,190)
Loss from operations	(5,932)	(22,758)	16,826
Interest and other income, net	363	154	209
Loss before provision for income taxes	(5,569)	(22,604)	17,035
Provision for income taxes	5	4	1
Net loss	\$ (5,574)	\$ (22,608)	\$ 17,034

#### ***Revenue***

Total revenue was \$7.8 million for the three months ended March 31, 2018, an increase of \$1.6 million, or 26%, compared to \$6.2 million for the three months ended March 31, 2017. Effective January 1, 2018, the Company adopted Accounting Standards Codification, Topic 606, Revenue from Contracts with Customers, using the modified retrospective method for our collaboration agreement with Celgene. Under this method, the impact of the transition is reflected in the opening balance of the accumulated deficit as of January 1, 2018, while the prior period revenue amounts are not adjusted. For the first quarter of 2018, under Topic 606, the Company recognized collaboration revenue of \$7.8 million based on a measure of progress toward the completion of the combined performance obligation. For the first quarter of 2017, the Company recognized collaboration revenue of \$6.2 million on a straight-line basis as permitted by the legacy revenue recognition guidance. For further discussion regarding our revenue recognition policy, see

Note 2, "Summary of Significant Accounting Policies", in the Notes to Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

#### *Research and Development*

Research and development expenses were \$8.4 million for the three months ended March 31, 2018, a decrease of \$15.6 million, or 65%, compared to \$24.0 million for the three months ended March 31, 2017. External costs decreased by \$10.7 million in the first quarter of 2018 compared to the same period in 2017 primarily due to decreases in clinical study costs by \$6.6 million mainly as a result of the discontinuation of our demcizumab and tarextumab programs in 2017, and in manufacturing costs by \$2.1 million as a result of the timing of production of materials used in the various clinical studies. Internal costs decreased by \$4.9 million in the first quarter of 2018 compared to the same period in 2017 primarily due to a decrease in personnel costs as a result of our restructuring actions in April 2017.

#### *General and Administrative*

General and administrative expenses were \$5.4 million for the three months ended March 31, 2018, an increase of \$0.4 million, or 8%, compared to \$5.0 million for the three months ended March 31, 2017. The increase in general and administrative expenses in the first quarter of 2018 compared to the same period in 2017 was primarily attributable to an increase in personnel cost, including retention bonus and severance expense in the first quarter of 2018, offset by a decrease in headcount as a result of our restructuring actions in April 2017.

We expect that our operating expenses will constitute a material use of our cash balances. We intend to continue to manage our operating activities in line with our existing cash and available financial resources.

#### **Liquidity and Capital Resources**

As of March 31, 2018, we had cash, cash equivalents and short term investments totaling \$88.4 million.

In June 2015, we filed a shelf registration statement on Form S-3, that permits: (a) the offering, issuance and sale by us of up to a maximum aggregate offering price of \$250.0 million of our common stock, preferred stock, debt securities, warrants, purchase contracts and/or units; and (b) as part of the \$250.0 million, the offering, issuance and sale by us of up to a maximum aggregate offering price of \$50.0 million of our common stock that may be issued and sold under a sales agreement with Cantor Fitzgerald & Co. in one or more at-the-market offerings. Through March 31, 2018, we have sold 743,987 shares of common stock pursuant to our at-the-market program at a weighted average price of \$8.93 per share, resulting in aggregate net proceeds to us of \$6.5 million, net of offering costs. For the three months ended March 31, 2018, we did not sell any shares pursuant to our at-the-market program.

On August 23, 2016, we closed the sale of an aggregate of 6,325,000 shares of our common stock at a public offering price of \$10.00 per share. The shares were issued pursuant to a prospectus supplement filed with the SEC on August 17, 2016, and related prospectus, pursuant to the shelf registration statement. We received net offering proceeds of approximately \$59.2 million, net of underwriting discounts and commissions and offering costs.

Our primary uses of cash are to fund operating expenses, primarily related to research and development product candidate 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 expect that operating expenses will constitute a material use of our cash balances. We intend to continue to manage our operating expenses in line with our existing cash and available financial resources.

We believe that our existing cash, cash equivalents and short-term investments as of March 31, 2018 will be sufficient to meet our anticipated cash requirements through the third quarter of 2019, without taking into account potential future milestone payments to us or proceeds to us from any future sales of our securities pursuant to our shelf registration statement including our at-the-market program. 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.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through public or private equity offerings, debt financings, a credit facility, government grants and contracts and/or strategic collaborations. Additional financing may not be available to us when we need it or it may not be available to us on favorable terms, if at all. Additionally, to the extent that we seek a new strategic partner to develop any of our programs, we may not be able to secure a collaboration on favorable terms, if at all. A collaboration may not provide sufficient funding or value to bring a product to market, and further funding and/or collaborations may be required. The terms of any such collaboration may also significantly limit our share of potential future profits from the associated program, may require us to

relinquish potentially valuable rights to our current therapeutic candidates, potential products or proprietary technologies, or may grant licenses on terms that are not favorable to us. If we are unable to obtain adequate financing or form favorable collaborations, when needed, we may have to delay, reduce the scope of, or eliminate one or more of our clinical trials or research and development programs or our commercialization efforts. Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the achievement of milestones, the exercise of options, and/or the advancement of the small molecule programs into further development and potential commercialization under our agreements with Bayer and Celgene;
- the initiation, progress, timing and completion of preclinical studies and clinical trials for our therapeutic candidates and potential therapeutic candidates;
- the number and characteristics of therapeutic 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 future growth; and
- the costs and timing of procuring clinical supplies of our therapeutic candidates.

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

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net cash used in operating activities	\$ (14,402)	\$ (28,978)
Net cash provided by investing activities	15,209	29,487
Net cash provided by financing activities	41	1,733

#### ***Cash Flows from Operating Activities***

Cash used in operating activities for the three months ended March 31, 2018 was \$14.4 million. The net loss of \$5.6 million was offset by non-cash charges of \$0.4 million for depreciation and amortization and \$2.3 million for stock-based compensation. The change in net operating assets and liabilities of \$11.5 million was primarily due to a decrease in accounts payable of \$1.8 million and accrued liabilities of \$0.9 million due to the timing of vendor payments, a decrease in accrued clinical liabilities of \$1.1 million due to the decrease in our clinical development activities, and a decrease in deferred revenue of \$7.8 million due to the revenue recognized in the first quarter of 2018 from our collaboration arrangement with Celgene.

Cash used in operating activities for the three months ended March 31, 2017 was \$29.0 million. The net loss of \$22.6 million was offset by non-cash charges of \$0.4 million for depreciation and amortization and \$3.1 million for stock-based compensation. The change in net operating assets and liabilities of \$9.9 million was primarily due to a decrease in accrued liabilities of \$1.7 million, accrued clinical liabilities of \$3.1 million due to timing of payments, and a decrease in deferred revenue of \$5.3 million due to the amortization of upfront and milestone payment from our prior and current collaboration arrangements with Celgene, Bayer and GSK.

#### ***Cash Flows from Investing Activities***

Cash provided by investing activities of \$15.2 million for the three months ended March 31, 2018 primarily reflects maturities of short-term investments of \$69.6 million, offset by purchases of short-term investments of \$54.3 million and acquisition of property and equipment of \$0.2 million.

Cash provided by investing activities of \$29.5 million for the three months ended March 31, 2017 primarily reflects maturities of short-term investments of \$39.9 million, offset by purchases of short-term investments of \$10.0 million and acquisition of property and equipment of \$0.4 million.

*Cash Flows from Financing Activities*

Cash provided by financing activities of \$41,000 and \$1.7 million for the three months ended March 31, 2018 and 2017, respectively, was due to the proceeds from the issuance of common stock upon the exercise of stock options and from purchases of common stock under our Employee Stock Purchase Plan.

### **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 and foreign currency exchange rate sensitivity. There have been no material quantitative or qualitative changes in our market risk exposures compared to the disclosures in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 9, 2018.

#### ***Interest Rate Sensitivity***

We had cash, cash equivalents and short-term investments of \$88.4 million and \$103.1 million as of March 31, 2018 and December 31, 2017, respectively, which consisted of bank deposits 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 March 31, 2018 and December 31, 2017.

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, nor did we in the three months ended March 31, 2018. All foreign transactions settled on the applicable spot exchange basis at the time such payments were 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**

Management, with the participation of our principal executive and financial officers, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2018. 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 its management, including its principal executive and 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 March 31, 2018, our principal executive and financial officers concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

#### **Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during the three months ended March 31, 2018, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

From time to time, we may become involved in legal proceedings and claims arising in the ordinary course of our business. We are not currently a party to any legal proceedings the outcome of which, if determined adversely to us, we believe would individually or in the aggregate have a material adverse effect on our business, operating results, financial condition or cash flows.

### **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in “Item 1A—Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, in this Quarterly Report on Form 10-Q and in our other public filings with the SEC. The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, in this Quarterly Report on Form 10-Q and in our other public filings with the SEC 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, other than as described in the updated risk factor provided below.

*We are highly dependent on the services of our President and Chief Executive Officer, John Lewicki, Ph.D., and other key executives, and if we are not able to retain these members of our management or retain or recruit additional management, clinical and scientific personnel, our business will suffer.*

We may not be able to retain our management, scientific and clinical personnel, or attract qualified management, scientific and clinical personnel in the future, due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses, particularly in the San Francisco Bay Area. Our industry has experienced a high rate of turnover of management personnel in recent years. We have experienced such turnover ourselves recently, with our previous chief executive officer and chief financial officer both resigning in the first quarter of 2018. In addition to the competition for personnel, the San Francisco Bay Area in particular is characterized by a high cost of living. As such, we could have difficulty attracting experienced personnel to our company and may be required to expend significant financial resources in our employee recruitment and retention efforts. If we are not able to attract, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

We are highly dependent on the principal members of our management and scientific staff. The loss of service of any of our management could harm our business. In addition, we are dependent on our continued ability to retain and motivate our existing management, clinical and scientific personnel, and to potentially attract highly qualified additional management, clinical and scientific personnel. The competition for qualified personnel in the pharmaceutical industry is intense. Due to our limited resources, we may not be able to effectively retain our existing personnel or attract and recruit additional qualified personnel. If we are not able to retain our management, particularly our President and Chief Executive Officer, Dr. Lewicki, or to attract, on acceptable terms, additional qualified personnel necessary for the continued development of our business, we may not be able to sustain our operations or grow. Although we have executed employment agreements with each member of our current executive management team, including Dr. Lewicki, these agreements are terminable at will with or without notice and, therefore, we may not be able to retain their services as expected.

In addition, we have scientific and clinical advisors who assist us in formulating our product development and clinical strategies. These advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us, or may have arrangements with other companies to assist in the development of products that may compete with ours.

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

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

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

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.1	<a href="#">Non-Employee Director Compensation Policy, adopted August 28, 2013, as amended October 14, 2013, February 28, 2014, June 24, 2015, and March 1, 2018.</a>				X
10.2#	<a href="#">Letter Agreement re: Your Resignation of Employment and Board Positions, dated January 1, 2018, by and between the registrant and Paul Hastings</a>	10-K	03/09/2018	10.7(D)	
10.3#	<a href="#">Form of Retention Bonus Agreement for officers</a>	10-K	03/09/2018	10.13	
31.1	<a href="#">Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.</a>				X
31.2	<a href="#">Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.</a>				X
32.1	<a href="#">Certification of Principal Executive and Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.</a>				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X
#	Indicates management contract or compensatory plan.				

**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.

Date: May 8, 2018

**OncoMed Pharmaceuticals, Inc.**

By: \_\_\_\_\_  
/s/ Yvonne Li  
**Yvonne Li**  
**Vice President of Finance,**  
**Controller and Administration**  
**(principal financial and**  
**accounting officer)**

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

**Approved by the Board of Directors on August 28, 2013,  
as amended October 14, 2013, February 28, 2014, June 24, 2015, and March 1, 2018**

Non-employee members of the board of directors (the “*Board*”) of OncoMed Pharmaceuticals, Inc. (the “*Company*”) who are appointed to the Board following the 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*”), shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (this “*Policy*”) beginning upon their appointment to the Board. Non-employee members of the Board who were serving on the Board as of the Public Trading Date shall be eligible to receive cash and equity compensation as set forth in this Policy beginning January 1, 2014, if such members continue to serve on the Board as of such date. 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 \$40,000 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.

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(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.

(vii) Chairperson of the Business Development and Strategy Committee. A Non-Employee Director serving as Chairperson of the Business Development and Strategy Committee shall receive an additional annual retainer of \$15,000 for such service.

(viii) Member of the Business Development and Strategy Committee. A Non-Employee Director serving as a member of the Business Development and Strategy Committee (other than the Chairperson) shall receive an additional annual retainer of \$10,000 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.

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(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.

**CERTIFICATION**

I, John Lewicki, 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) 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
  - (d) 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: May 8, 2018

/s/ John Lewicki

John Lewicki, Ph.D.  
President and Chief Executive Officer  
(principal executive officer)

**CERTIFICATION**

I, Yvonne Li, 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) 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
  - (d) 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: May 8, 2018

/s/ Yvonne Li

Yvonne Li

Vice President of Finance, Controller and Administration  
(principal financial and accounting officer)



**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 March 31, 2018, as filed with the Securities and Exchange Commission (the "Report"), John Lewicki, Ph.D., President and Chief Executive Officer of the Company, and Yvonne Li, Vice President of Finance, Controller and Administration of the Company, 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: May 8, 2018

/s/ John Lewicki

John Lewicki, Ph.D.  
President and Chief Executive Officer  
(principal executive officer)

/s/ Yvonne Li

Yvonne Li  
Vice President of Finance, Controller and Administration  
(principal financial and accounting officer)

This certification is being furnished to accompany the Report pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

