ONCOMED PHARMACEUTICALS INC

FORM 10-Q
(Quarterly Report)

Filed 05/05/16 for the Period Ending 03/31/16

Address	800 CHESAPEAKE DRIVE REDWOOD CITY, CA 94063
Telephone	650-995-8200
CIK	0001302573
Symbol	OMED
SIC Code	2834 - Pharmaceutical Preparations
Industry	Conglomerates
Sector	Conglomerates
Fiscal Year	12/31

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____to _____

Commission file number: 001-35993

OncoMed Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

As of May 2, 2016, the number of outstanding shares of the registrant's common stock, par value $0.001 per share, was 30,298,216.

ONCOMED PHARMACEUTICALS, INC.
TABLE OF CONTENTS

	Page No.
PART I. FINANCIAL INFORMATION	3
Item 1. Financial Statements:	3
Condensed Balance Sheets as of March 31, 2016 (unaudited) and December 31, 2015	3
Condensed Statements of Operations for the three months ended March 31, 2016 and 2015 (unaudited)	4
Condensed Statements of Comprehensive Loss for the three months ended March 31, 2016 and 2015 (unaudited)	5
Condensed Statements of Cash Flows for the three months ended March 31, 2016 and 2015 (unaudited)	6
Notes to the Unaudited Condensed Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3. Quantitative and Qualitative Disclosures About Market Risk	21
Item 4. Controls and Procedures	21
PART II. OTHER INFORMATION	22
Item 1. Legal Proceedings	22
Item 1A. Risk Factors	22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3. Defaults Upon Senior Securities	22
Item 4. Mine Safety Disclosures	22
Item 5. Other Information	22
Item 6. Exhibits	23
Signatures	24
Exhibit Index	25

PART I. FINANCI AL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OncoMed Pharmaceuticals, Inc.

Condensed Balance Sheets
(In thousands, except share and per share amounts)

	March 31, 2016 (Unaudited)	December 31, 2015 (Note 2)
Assets		
Current assets:		
Cash and cash equivalents	$ 84,563	$ 38,444
Short-term investments	108,940	118,835
Accounts receivable and other receivables	1,308	70,699
Prepaid and other current assets	3,565	3,277
Total current assets	198,376	231,255
Property and equipment, net	4,907	4,825
Other assets	1,647	1,807
Total assets	$ 204,930	$ 237,887
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 3,212	$ 6,660
Accrued liabilities	9,429	11,475
Accrued clinical liabilities	13,649	12,221
Current portion of deferred revenue	21,393	21,543
Current portion of deferred rent	753	738
Liability for shares issued with repurchase rights	2	4
Total current liabilities	48,438	52,641
Deferred revenue, less current portion	174,413	179,612
Deferred rent, less current portion	1,534	1,729
Non-current income tax payable	356	354
Total liabilities	224,741	234,336
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value; 5,000,000 shares authorized at March 31, 2016 and December 31, 2015; no shares issued and outstanding at March 31, 2016 and December 31, 2015	—	—
Common stock, $0.001 par value; 145,000,000 shares authorized at March 31, 2016 and December 31, 2015; 30,292,750 shares and 30,116,633 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	30	30
Additional paid-in capital	317,080	313,344
Accumulated other comprehensive income	135	20
Accumulated deficit	(337,056)	(309,843)
Total stockholders' equity (deficit)	(19,811)	3,551
Total liabilities and stockholders' equity (deficit)	$ 204,930	$ 237,887

See accompanying notes.

OncoMed Pharmaceuticals, Inc.

Condensed Statements of Operations
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2016	**2015**
Revenue:		
Collaboration revenue	$ 5,348	$ 9,687
Other revenue	1,002	—
Total revenue	6,350	9,687
Operating expenses:		
Research and development	28,398	19,433
General and administrative	5,199	4,794
Total operating expenses	33,597	24,227
Loss from operations	(27,247)	(14,540)
Interest and other income, net	37	22
Loss before income taxes	(27,210)	(14,518)
Income tax provision	3	11
Net loss	$ (27,213)	$ (14,529)
Net loss per common share, basic and diluted	$ (0.90)	$ (0.49)
Shares used to compute net loss per common share, basic and diluted	30,221,634	29,908,307

See accompanying notes.

OncoMed Pharmaceuticals, Inc.

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

	Three Months Ended March 31,	
	2016	**2015**
Net loss	$ (27,213)	$ (14,529)
Other comprehensive income:		
Unrealized gain on available-for-sale securities, net of tax	115	92
Total comprehensive loss	$ (27,098)	$ (14,437)

See accompanying notes.

OncoMed Pharmaceuticals, Inc.

Condensed Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2016	**2015**
Operating activities		
Net loss	$ (27,213)	$ (14,529)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	434	383
Stock-based compensation	2,995	2,387
Changes in operating assets and liabilities:		
Receivable-related parties	—	6
Accounts receivable and other receivables	69,391	—
Prepaid and other current assets	(287)	(78)
Other assets	160	3
Accounts payable	(3,448)	(1,327)
Accrued liabilities	(2,046)	(3,358)
Accrued clinical liabilities	1,428	1,750
Deferred revenue	(5,349)	(4,687)
Deferred rent	(180)	(166)
Net cash provided by (used in) operating activities	35,885	(19,616)
Investing activities		
Purchases of property and equipment	(516)	(398)
Purchases of short-term investments	(30,000)	(9,992)
Maturities of short-term investments	40,010	29,979
Net cash provided by investing activities	9,494	19,589
Financing activities		
Proceeds from issuance of common stock related to the exercise of options and employee stock plan purchases	740	1,004
Net cash provided by financing activities	740	1,004
Net increase in cash and cash equivalents	46,119	977
Cash and cash equivalents at beginning of period	38,444	28,138
Cash and cash equivalents at end of period	$ 84,563	$ 29,115

See accompanying notes.

1. Organization

OncoMed Pharmaceuticals, Inc. ("OncoMed", the "Company", "we", "us", or "our") is a clinical development-stage biopharmaceutical company focused on discovering and developing novel anti-cancer therapeutics, including anti-cancer stem cell ("anti-CSC") and immuno-oncology product candidates. Our approach has been to address fundamental biologic pathways and targets thought to drive cancer's growth, resistance, recurrence and metastases. We have seven internally discovered product candidates in clinical development. We have two biologic product candidates in the immuno-oncology field advancing toward Investigational New Drug ("IND") application filings with the U.S. Food and Drug Administration. We are also pursuing discovery of additional novel approaches to cancer treatment including anti-CSC and immuno-oncology product candidates. The Company was originally incorporated in July 2004 in Delaware. The Company's operations are based in Redwood City, California, and it operates in one segment.

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, 2016 or for any subsequent interim period. Certain prior period amounts reported in our financial statements and notes thereto have been reclassified to conform to the current period presentation, with no impact on previously reported operating results or financial position.

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, 2015, filed with the Securities and Exchange Commission (the "SEC") on March 10, 2016.

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 those related to revenue recognition, preclinical study and clinical trial accruals, fair value of assets and liabilities, income taxes, and stock-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

Cash and Cash Equivalents

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

Short-Term Investments

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

Revenue Recognition

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

The determination of stand-alone value is generally based on whether any deliverable has stand-alone v alue to the customer. The Company determines how to allocate arrangement consideration to identified units of accounting based on the selling price hierarchy provided under the relevant guidance. The selling price used for each unit of accounting is based on vendor-specific objective evidence, if available, third-party evidence if vendor-specific objective evidence is not available or estimated selling price if neither vendor-specific nor third-party evidence is available. Management may be required to exer cise considerable judgment in determining whether a deliverable is a separate unit of accounting and in estimating the selling prices of identified units of accounting for new agreements.

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

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

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue in the Company's balance sheets. Amounts expected to be recognized as revenue within the 12 months following the balance sheet date are classified as current liabilities. The Company recognizes revenue for reimbursements of research and development costs under collaboration agreements as the services are performed. The Company records these reimbursements as revenue on a gross basis and not as a reduction of research and development expenses, as the Company has the risks and rewards as the principal in the research and development activities.

Payments related to options to license the Company's program candidates are considered substantive if, at the inception of the arrangement, the Company is at risk as to whether the collaboration partner will choose to exercise the option. Factors that the Company considers in evaluating whether an option is substantive include the overall objective of the arrangement, the benefit the collaborator might obtain from the arrangement without exercising the option, the cost to exercise the option and the likelihood that the option will be exercised. For arrangements under which an option is considered substantive, the Company does not consider the item underlying the option to be a deliverable at the inception of the arrangement and the associated option fees are not included in allocable arrangement consideration, assuming the option is not priced at a significant and incremental discount. Conversely, for arrangements under which an option is not considered substantive or if an option is priced at a significant and incremental discount, the Company would consider the item underlying the option to be a deliverable at the inception of the arrangement and a corresponding amount would be included in allocable arrangement consideration.

Customer Concentration

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

	Three Months Ended March 31,	
	2016	**2015**
GlaxoSmithKline LLC (" GSK ")	10%	55%
Bayer Pharma AG (" Bayer ")	*	11%
Celgene Corporation (" Celgene ")	87%	34%

* 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 consist ing 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

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Areas of revenue recognition that will be affected include, but are not limited to, transfer of control, variable consideration, allocation of transfer pricing, licenses, time value of money, contract costs and disclosures. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date, which defers the effective date of ASU 2014-09 by one year allowing early adoption as of the original effective date of fiscal years and interim reporting periods beginning after December 15, 2016, at which time companies may adopt the new standard update under the full retrospective method or the modified retrospective method. The deferral results in the new revenue standard being effective for us for fiscal years and interim reporting periods beginning after December 15, 2017. We are currently evaluating the impact that the adoption of ASU 2014-09 will have on our financial statements and related disclosures.

In June 2014, the FASB issued ASU No. 2014-12, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period* . ASU 2014-12 requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. The guidance is effective for all entities for annual periods beginning after December 15, 2015 and interim periods within those annual periods. The guidance should be applied on a prospective basis to awards that are granted or modified on or after the effective date. The Company does not believe the adoption of this guidance will have a material impact on its financial statements.

In August 2014, the FASB issued ASU No. 2014-15 (Subtopic 205-40)— *Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* which provides guidance about management's responsibility to evaluate whether or not there is substantial doubt about the Company's ability to continue as a going concern and to provide related footnote disclosure. ASU 2014-15 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early application is permitted. The adoption of this standard is not expected to have an impact on the Company's financial statements.

In April 2015, the FASB issued ASU No. 2015-05, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* . This amendment provides guidance to help entities determine whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software or as a service contract. ASU 2015-05 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. Upon adoption, an entity has the option to apply the provisions of ASU 2015-05 either prospectively to all arrangements entered into or materially modified, or retrospectively. The adoption of this standard is not expected to have an impact on the Company's financial statements.

In November 2015, the FASB issued ASU No. 2015-17 regarding ASC Topic 470 "Income Taxes: Balance Sheet Classification of Deferred Taxes." The guidance eliminates the requirement to bifurcate Deferred Taxes between current and non-current on the balance sheet and requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted and the amendments may be applied either prospectively to all deferred tax assets and liabilities or retrospectively to all periods presented. The Company early adopted the guidance prospectively beginning in the fourth quarter of fiscal 2015. The adoption did not have a material impact on our financial statements . No prior periods were retrospectively adjusted.

In February 2016, the FASB issued ASU No. 2016-2, *Leases* . ASU 2016-2 is aimed at making leasing activities more transparent and comparable, and requires substantially all leases be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. ASU 2016-2 is effective for the Company's interim and annual reporting periods during the year ending December 31, 2019, and all annual and interim reporting periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-2 will have on our financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,* related to simplifications of employee share-based payment accounting. This pronouncement eliminates the APIC pool concept and requires that excess tax benefits and tax deficiencies be recorded in the income statement when awards are settled. The pronouncement also addresses simplifications related to statement of cash flows classification, accounting for forfeitures, and minimum statutory tax withholding requirements. The pronouncement is effective for fiscal years, and

for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-09 will have on our financial statements and related disclosures.

3. Cash Equivalents and Investments

The fair value of securities, not including cash at March 31, 2016 and December 31, 2015, were as follows (in thousands):

	March 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$ 33	$ —	$ —	$ 33
U.S. treasury bills	108,805	135	—	108,940
Total available-for-sale securities	$ 108,838	$ 135	$ —	$ 108,973
Classified as:				
Cash equivalents				$ 33
Short-term investments				108,940
Total cash equivalents and investments				$ 108,973

As of March 31, 2016, the Company had a total of $193.5 million in cash, cash equivalents, and short-term investments, which includes $84.6 million in cash and $108.9 million in cash equivalents and short-term investments.

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury bills	$ 118,815	$ 40	$ (20)	$ 118,835
Total available-for-sale securities	$ 118,815	$ 40	$ (20)	$ 118,835
Classified as:				
Short-term investments				$ 118,835

As of December 31, 2015, the Company had a total of $157.3 million in cash, cash equivalents, and short-term investments, which includes $38.5 million in cash and $118.8 million in cash equivalents and short-term investments.

All available-for-sale securities held as of March 31, 2016 and December 31, 2015 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 accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

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

The Company's financial assets and liabilit ies 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, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 33	$ —	$ —	$ 33
U.S. treasury bills	—	108,940	—	108,940
Total	$ 33	$ 108,940	$ —	$ 108,973

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. treasury bills	$ —	$ 118,835	$ —	$ 118,835
Total	$ —	$ 118,835	$ —	$ 118,835

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, 2016 and 2015 (in thousands):

	Three Months Ended March 31,	
	2016	2015
GSK:		
Recognition of upfront payments	$ 150	$ 312
Milestone revenue	—	5,000
Other revenue	466	—
GSK total	616	5,312
Bayer:		
Recognition of upfront payments	185	1,111
Other revenue	54	—
Bayer total	239	1,111
Celgene:		
Recognition of upfront payments	3,263	3,264
Milestone revenue	1,750	—
Other revenue	482	—
Celgene total	5,495	3,264
Total collaboration related revenue	$ 6,350	$ 9,687

GSK Strategic Alliance

As of March 31, 2016, the Company was eligible to receive in its collaboration with GSK up to $76.0 million in future development milestone payments prior to the completion of certain Phase II proof-of-concept ("POC") clinical trials. These remaining potential development milestones include up to $16.0 million for the start of certain Phase II clinical trials associated with the development of brontictuzumab, including a $5.0 million bonus payment, and up to $60.0 million if GSK exercises its options for either tarextumab or brontictuzumab, including a $10.0 million bonus payment. GSK has the option to license tarextumab at the end of the Phase II "PINNACLE" clinical trial. GSK has the option to license the brontictuzumab program as early as the end of Phase Ia. Following exercise of the option, GSK will be responsible for all further development and commercialization following such option exercise. If GSK successfully develops and commercializes both candidates for more than one indication, the Company could receive

contingent consideration payments of up to $309.0 millio n for the achievement of certain post-option exercise development and regulatory events and up to $280.0 million upon the achievement of certain levels of worldwide net sales, for a total of $665.0 million of potential future payments. In addition, the Com pany can earn royalty payments on all future collaboration product sales, if any. As all contingent consideration payments are based solely on the performance of GSK, the milestone method of accounting will not be applied to such amounts.

Bayer Strategic Alliance

As of March 31, 2016, the Company was eligible to receive up to $10.0 million in future development milestone payments in its collaboration with Bayer for the Company's development of biologic product candidates, prior to the point that Bayer exercises its options. The Company is eligible to receive up to $55.0 million if Bayer exercises its options for biologic product candidates. Bayer will be responsible for all further development and commercialization following the exercise of an option for a product candidate. The Company is eligible to receive up to $22.0 million in certain development milestone payments for the small molecule candidates. If Bayer successfully develops and commercializes all of the product candidates for more than one indication, the Company could receive contingent consideration payments of up to $185.0 million for the achievement of certain later-stage development and regulatory events (up to $135.0 million for biologics and $50.0 million for small molecules) and up to $1.0 billion upon the achievement of specified future product sales (up to $862.5 million for biologics and $140.0 million for small molecules). In addition, the Company can earn royalty payments on all future collaboration product sales, if any. As all 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.

Celgene Strategic Alliance

As of March 31, 2016, the Company was eligible to receive in its collaboration with Celgene up to $15.0 million in future development milestones across all programs, prior to the point that Celgene exercises its options. The Company is also eligible to receive up to $240.0 million of contingent consideration if Celgene exercises all its options for the biologic and small molecule therapeutic programs. Celgene will be responsible for all further development and commercialization following the exercise of the options for specified programs. If Celgene successfully develops and commercializes all of the product candidates, the Company could receive additional contingent consideration of up to $2.8 billion for the achievement of post-option exercise development, regulatory events and sales milestones (up to $2.7 billion for biologics and $95.0 million for small molecules). Following Celgene's exercise of its option for a biologic therapeutic program, the Company will have co-development and co-commercialization rights for five of the six biologic therapeutic programs in the U.S. and 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 one of the six biologic therapeutic programs, and any of the other biologic therapeutic programs if the Company elects not to co-develop and co-commercialize products arising from 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. 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.

6. Stock Incentive Plans

Equity Incentive Award and Stock Incentive Plans

As of March 31, 2016, a total of 4,192,177 shares of common stock have been authorized under the 2013 Equity Incentive Award Plan (the "2013 Plan"), including the additional 1,204,665 shares of common stock that became available for future issuance under the 2013 Plan as of January 1, 2016 as a result of an annual automatic increase provision in the 2013 Plan. As of March 31, 2016, a total of 2,577,218, shares are subject to options outstanding under the 2013 Plan. There are 1,836,499 shares subject to options outstanding under the 2004 Stock Incentive Plan (the "2004 Plan") as of March 31, 2016, 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 activity under the 2004 Plan and 2013 Plan during the three months ended March 31, 2016 , including grants to nonemployees and restricted stock units ("RSUs") granted:

(In thousands)	Shares Available for Grant of Options and Awards	Options and Awards Outstanding
Balance at December 31, 2015	145	4,694
Additional shares authorized	1,205	—
Options granted	(46)	46
Options exercised	—	(26)
Awards vested	—	(71)
Options forfeited	14	(14)
RSUs forfeited	1	(1)
Balance at March 31, 2016	1,319	4,628

The weighted-average grant date estimated fair value of options granted during the three months ended March 31, 2016 was $17.75 per share.

Employee Stock Purchase Plan

As of March 31, 2016, a total of 1,193,620 shares of common stock have been authorized and 978,208 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 301,166 shares of common stock that became available for future issuance under the ESPP as of January 1, 2016 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 day of the offering period.

During the three months ended March 31, 2016, the Company issued 78,227 shares under the ESPP. The Company used the following assumptions to estimate the fair value of the ESPP offered during the three months ended March 31, 2016: expected term of 0.5 years, weighted-average volatility of 45.39% , risk-free interest rate of 0.26% and expected dividend yield of zero.

Restricted Stock Units

In March 2014, the Company awarded 293,980 RSUs under the 2013 Plan. Each vested RSU represents the right to receive one share of common stock. The fair value of the RSU awards was calculated based on the NASDAQ quoted stock price on the date of the grant with the expense being recognized over the vesting period. The RSUs are generally scheduled to vest at the end of three years at March 31, 2017. However, the vesting of 25% of the awarded RSUs was accelerated upon the achievement of a designated milestone payment related to safety data from Phase Ib and Phase II clinical trials of demcizumab (anti-DLL4, OMP-21M18). The stock-based compensation expense for the remaining RSUs is being amortized on the straight-line basis over the three-year vesting period. The Company has recognized the stock-based compensation expense of $ 0.5 million and $0.7 million related to these RSUs for the three months ended March 31, 2016 and 2015, respectively.

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,	
	2016	2015
Research and development	$ 1,371	$ 1,324
General and administrative	1,624	1,063
Total	$ 2,995	$ 2,387

As of March 31, 2016, the Company had $21.5 million and $2.2 million of unrecognized stock-based compensation expense related to unvested stock options and RSUs, respectively, which are expected to be recognized over an estimated weighted-average period of 2.85 years and 1.0 years, respectively.

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

	Three Months Ended March 31,	
	2016	2015
Weighted-average volatility	62.4%	65.2%
Weighted-average expected term (years)	6.2	6.2
Risk-free interest rate	1.64%	1.71%
Expected dividend yield	—	—

7. Income Taxes

During the three months ended March 31, 2016, the Company recorded an income tax provision of $3,000 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.

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 antidilutive:

	As of March 31,	
	2016	2015
Options to purchase common stock	4,413,717	3,401,762
RSUs	213,830	289,990
	4,627,547	3,691,752

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL COND ITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our condensed financial statements (unaudited) and related notes included elsewhere in this report. This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this report are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "potential" or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements, include, but are not limited to, the initiation, timing, progress and results of our preclinical studies and clinical trials, and our research and development programs; our ability to advance product candidates into, and successfully complete, clinical trials; our receipt of future milestone payments and/or royalties, and the expected timing of such payments; our collaborators' exercise of their license options; the commercialization of our product candidates; the implementation of our business model, strategic plans for our business, product candidates and technology; the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology; estimates of our expenses, future revenues, capital requirements and our needs for additional financing; the timing or likelihood of regulatory filings and approvals; our ability to maintain and establish collaborations or obtain additional government grant funding; our use of proceeds from our initial public offering ("IPO"); our financial performance; and developments relating to our competitors and our industry. These statements reflect our current views with respect to future events or our future financial performance, are based on assumptions, and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Item 1A—Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. These forward-looking statements speak only as of the date hereof. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. Unless the context requires otherwise, in this Quarterly Report on Form 10-Q, the terms "OncoMed," "Company," "OncoMed Pharmaceuticals," "we," "us" and "our" refer to OncoMed Pharmaceuticals, Inc., a Delaware corporation, unless otherwise noted.

Overview

OncoMed is a clinical development-stage biopharmaceutical company focused on discovering and developing novel treatments for patients with cancer including anti-cancer stem cell and immuno-oncology product candidates. Our approach has been to address fundamental biologic pathways and targets thought to drive cancer's growth, resistance, recurrence and metastases. We believe that a key reason for the limitations of many current cancer treatments is that they fail to impede the growth of cancer stem cells (CSCs), which are responsible for the initiation, metastasis and recurrence of many cancers. Our research into cancer stem cell pathways such as Notch, Wnt and RSPO-LGR, has also led us to identify immuno-oncology biologics intended to bolster immune system recognition of cancer cells and/or suppress immune system evasion mechanisms. We believe our product candidates are quite distinct from current generations of chemotherapies and targeted therapies, and have the potential to significantly impact cancer treatment and the clinical outcome of patients with cancer. All of our product candidates were discovered internally.

We have seven product candidates in clinical development and have treated over one thousand patients across all of our clinical trials. We have two biologic product candidates in immuno-oncology that we plan to advance towards Investigational New Drug, or IND, application filings with the U.S. Food and Drug Administration, or FDA, within the next 12 months. We are also pursuing discovery of additional novel anti-CSC and immuno-oncology product candidates. Our most advanced therapeutic candidate, demcizumab (anti-DLL4, OMP-21M18), is currently in three trials that are enrolling patients, a randomized Phase II trial in pancreatic cancer, a randomized Phase II trial in non-small cell lung cancer (NSCLC), and a Phase Ib trial combining demcizumab and pembrolizumab (Keytruda®, anti-PD1). In December 2015, we achieved a $70.0 million safety milestone from Celgene based on an analysis of available demcizumab Phase Ib and blinded interim Phase II clinical trial safety data. Demcizumab has received orphan drug designation for pancreatic cancer from the FDA . The second candidate, tarextumab (anti-Notch2/3, OMP-59R5), is currently in a randomized Phase II clinical trial in combination with platinum chemotherapy and etoposide in small cell lung cancer patients. Tarextumab has received orphan drug designation from the FDA for small cell lung cancer. In January 2016, we discontinued a second Phase II trial of tarextumab in combination with Abraxane and gemcitabine in pancreatic cancer patients following an interim analysis. We are currently enrolling patients in two Phase Ib clinical trials of vantictumab (anti-Fzd7, OMP-18R5) in combination with standard-of-care therapies in breast cancer and pancreatic cancer. Ipafricept (Fzd8-Fc, OMP-54F28) is being tested in combination with standard-of-care therapies in two Phase Ib trials, one in pancreatic cancer and the second in ovarian cancer. The fifth candidate, brontictuzumab (anti-Notch1, OMP-52M51), is being studied in a Phase Ia trial in solid tumor patients, which includes an expansion cohort in which patients enrolled were biomarker-selected. Enrollment in the Phase Ia clinical trial is complete. We are planning to initiate a Phase Ib clinical trial of brontictuzumab combined with chemotherapy in colorectal cancer patients. The sixth product candidate, anti-DLL4/VEGF bispecific (OMP-305B83), is currently in a single-agent Phase Ia trial that is enrolling patients

with advanced solid tumors , and we are making preparations to initiate combination clinical trials . A nti-RSPO3 (OMP-131R10), our seventh produ ct candidate to enter the clinic, is in a Phase Ia/Ib clinical trial. The Phase Ia portion is in solid tumor patients and the Phase Ib portion is in metastatic colorectal cancer patients in combination with standard-of-care chemotherapy. Clinical trials fo r all seven of these product candidates are ongoing, with the intent of gathering additional data required to proceed to later stage clinical trials and product approval.

Financial Operations Overview

Revenue

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

The following table summarizes our revenue for the three months ended March 31, 2016 and 2015, which is related to the recognition of upfront payments and milestone payments received under our various collaboration arrangements (in thousands):

	Three Months Ended March 31,	
	2016	2015
GSK:		
Recognition of upfront payments	$ 150	$ 312
Milestone revenue	—	5,000
Other revenue	466	—
GSK total	616	5,312
Bayer:		
Recognition of upfront payments	185	1,111
Other revenue	54	—
Bayer total	239	1,111
Celgene:		
Recognition of upfront payments	3,263	3,264
Milestone revenue	1,750	—
Other revenue	482	—
Celgene total	5,495	3,264
Total collaboration related revenue	$ 6,350	$ 9,687

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

Research and Development

Research and development expenses represent costs incurred to conduct research such as the discovery and development of clinical candidates for GSK, Bayer and Celgene 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 Ma rch 31 , 201 6 and 201 5 (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.

	Three Months Ended March 31,	
	2016	2015
Internal Costs:		
Cancer biology, pathology and toxicology	$ 3,999	$ 3,936
Molecular and cellular biology	1,892	2,028
Process development and manufacturing	1,687	1,395
Product development	3,219	2,387
Subtotal internal costs	10,797	9,746
External Program Costs:		
Manufacturing	5,471	1,145
Clinical	9,719	7,509
Translational medicine	1,271	855
Toxicology	1,140	178
Subtotal external program costs	17,601	9,687
Total research and development expense	$ 28,398	$ 19,433

Our research and development expenses have increased as we have progressed our product candidates, and we expect that these expenses may continue to increase with continued pipeline advancement and conduct of our development activities under our agreements with GSK, Bayer and Celgene. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time-consuming. We or our partners may never succeed in achieving marketing approval for any of our product candidates. The probability of success of each product candidate may be affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability.

For the biologic programs covered under our strategic alliances with GSK, Bayer and Celgene, we are responsible for development of each product candidate prior to the exercise of GSK's, Bayer's or Celgene's option to exclusively license such product candidate. GSK and Bayer may exercise such an option on a product-by-product basis, and Celgene may exercise such option on a program-by-program basis, in each case, during certain time periods, which for GSK, Bayer and Celgene are through the end of certain Phase I or Phase II trials, depending on the applicable product candidate or program. If GSK exercises its option for a product candidate, all further development obligations for such product candidate are assumed by GSK. If Bayer exercises its option for a product candidate, all development obligations for such product candidate after such product candidate reaches a defined early development stage are assumed by Bayer. With respect to biologic therapeutic programs, if Celgene exercises its option for a given program, we will have the option to co-develop and co-commercialize up to five of the six such product candidates in the United States. If we do so, we will be responsible for a one-third share of the global development costs of such product candidates, with Celgene bearing the remaining two-thirds of such costs, and we will be entitled to participate in the commercialization activities for such product candidates in the United States, and to share 50% of all profits and losses arising from U.S. sales of such product candidates. Otherwise, we may enter into a license agreement with Celgene for such product candidate whereupon Celgene would be responsible for all further development costs. In addition, if Celgene exercises its option under the Celgene Agreement to further develop and commercialize small molecule therapeutics directed to targets in an undisclosed pathway, all further development obligations with respect to the small molecule therapeutic program will be assumed by Celgene.

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

General and Administrative

Our general and administrative expenses consist primarily of personnel costs, allocated facilities costs and other expenses for outside professional services, including legal, human resource, audit, tax and accounting services. Personnel costs consist of salaries, benefits and stock-based compensation

Interest and Other Income, net

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

Critical Accounting Polices and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these 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.

There have been no significant and material changes in our critical accounting policies during the three months ended March 31, 2016, 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, 2015.

Results of Operations

Comparison of the Three Months Ended March 31, 2016 and 2015

(In thousands)	Three Months Ended March 31, 2016	2015	Dollar Change
Revenue:			
Collaboration revenue	$ 5,348	$ 9,687	$ (4,339)
Other revenue	1,002	—	1,002
Total revenue	6,350	9,687	(3,337)
Operating expenses:			
Research and development	28,398	19,433	8,965
General and administrative	5,199	4,794	405
Total operating expenses	33,597	24,227	9,370
Loss from operations	(27,247)	(14,540)	(12,707)
Interest and other income, net	37	22	15
Loss before income taxes	(27,210)	(14,518)	(12,692)
Income tax provision	3	11	(8)
Net loss	$ (27,213)	$ (14,529)	$ (12,684)

Revenue

Total revenue for the three months ended March 31, 2016 was $6.4 million, a decrease of $3.3 million, or 34%, compared to total revenue of $9.7 million for the three months ended March 31, 2015. This decrease is primarily due to the recognition of a $5.0 million development milestone for dosing the first patient in the Phase I expansion portion of the brontictuzumab (anti-Notch 1, OMP-52M51) clinical trial in the first quarter of 2015. Under the Bayer agreement, we recognized $0.2 million in the three months ended March 31, 2016 from the amortization of upfront fees compared to $1.1 million in the three months ended March 31, 2015. This $0.9 million decrease was a result of a change to the estimated period of performance for the Bayer collaboration. The estimated period of performance for the Bayer collaboration was revised as a result of the November 2015 amendment to the Company's agreement with Bayer, under which the Company and Bayer agreed t o enroll up to 12 additional patients in each of the Phase Ib trials of vantictumab

in combination with standard-of-care therapy in breast cancer and ipafricept in combination with standard-of-care therapies in ovarian cancer. Under the Celgene agreemen t, we recognized $5.0 million in the three months ended March 31, 2016 from the amortization of upfront fees and milestone payment compared to $3.3 million in the three months ended March 31, 2015. The $1.7 million increase was a result of the $70.0 millio n safety milestone achieved in the fourth quarter of 2015, which was recorded as deferred revenue and amortized over the estimated period of performance. In addition, we recognized $1.0 million in revenue for the reimbursement of research and development costs for services performed in the first quarter of 2016.

Research and Development

Research and development expenses were $28.4 million for the three months ended March 31, 2016, an increase of $9.0 million, or 46%, compared to research and development expenses of $19.4 million for the three months ended March 31, 2015. The increase was comprised of a $7.9 million increase in our external program costs and a $1.1 million increase in our internal program costs. The increase in our external program costs of $7.9 million was due to an increase of $4.9 million in manufacturing and Phase II clinical activities under our demcizumab (anti-DLL4, OMP-21M18) program and costs associated with our anti-DLL4/VEGF bispecific (OMP-305B83) and anti-RSPO3 (OMP-131R10) programs, as well as an increase of $3.0 million due to manufacturing costs and toxicology expenses for our GITRL-Fc product candidate and an undisclosed immuno-oncology candidate, which achieved program designation under our Celgene collaboration in December 2015. This was offset by a net decrease of $0.1 million in clinical costs mainly related to our brontictuzumab (anti-Notch 1, OMP-52M51) program. We expect that our external program costs will increase in future periods as we continue to advance our pipeline, enroll patients in various programs and initiate new clinical trials.

The increase in our internal costs of $1.1 million was primarily due to an increase of $0.8 million in personnel costs related to an increase in headcount and also $0.3 million for stock-based compensation, including new stock option grants.

General and Administrative

General and administrative expenses were $5.2 million for the three months ended March 31, 2016, an increase of $0.4 million, or 8%, compared to general and administrative expenses of $4.8 million for the three months ended March 31, 2015. Employee related costs increased by $0.5 million due to an increase of $0.2 million in personnel costs related to an increase in headcount and also $0.3 million for stock-based compensation, including new stock option grants. We also incurred $0.3 million higher expenses in recruiting fees, consulting and facility charges. The increase is offset by lower legal costs of $0.4 million driven by a decrease in patent-related expenses.

Liquidity and Capital Resources

As of March 31, 2016, we had cash, cash equivalents, and short term investments totaling $193.5 million. In connection with our IPO in July 2013, we received cash proceeds of $82.7 million, net of underwriters' discounts and commissions and expenses paid by us. Prior to the IPO, we funded our operations primarily with cash flows from the sales of our convertible preferred stock in private placements and received upfront and milestone payments and other collaboration related payments under the GSK, Bayer and Celgene collaborative arrangements.

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. As of March 31, 2016, we had not sold any securities pursuant to the shelf registration statement or our at-the-market program.

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 believe that our existing cash, cash equivalents and short-term investments as of March 31, 2016 will be sufficient to meet our anticipated cash requirements through first quarter of 2018, even 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.

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

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

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

	Three Months Ended March 31,	
	2016	2015
Cash provided by (used in) operating activities	$ 35,885	$ (19,616)
Cash provided by investing activities	9,494	19,589
Cash provided by financing activities	740	1,004

Cash Flows from Operating Activities

Cash provided by operating activities for the three months ended March 31, 2016 was $35.9 million. The net loss of $27.2 million was offset by non-cash charges of $0.4 million for depreciation and amortization and $3.0 million for stock-based compensation. The change in net operating assets of $59.7 million was due primarily to receipt of the $70.0 million safety milestone from Celgene based on an analysis of Phase Ib and blinded interim Phase II clinical trial safety data associated with the demcizumab (anti-DLL4, OMP-21M18) program. There was also a $1.4 million increase in accrued clinical liabilities and a $5.5 million decrease in accrued liabilities and accounts payable driven by the timing of our vendor payments. The remaining net decrease of $0.3 million is due to changes in prepaid and other current assets, other assets and deferred rent.

Cash used in operating activities for the three months ended March 31, 2015 was $19.6 million. The net loss of $14.5 million was offset by non-cash charges of $0.4 million for depreciation and amortization and $2.4 million for stock-based compensation. The change in net operating assets of $7.9 million was due primarily to a decrease of $4.7 million in deferred revenue due to the amortization of upfront and milestone payments from GSK, Bayer and Celgene. The net decrease of $3.0 million in accounts payable, accrued liabilities and accrued clinical liabilities was a result of the timing of our vendor payments.

Cash Flows from Investing Activities

Cash provided by investing activities of $9.5 million for the three months ended March 31, 2016 was primarily due to maturities of short-term investments of $40.0 million, offset by purchases of short-term investments of $30.0 million and our acquisition of property and equipment of $0.5 million.

Cash provided by investing activities of $19.6 million for the three months ended March 31, 2015 was primarily due to maturities of short-term investments of $30.0 million, offset by purchases of short-term investments of $10.0 million and our acquisition of property and equipment of $0.4 million.

Cash Flows from Financing Activities

Cash provided by financing activities of $0.7 million and $1.0 million for the three months ended March 31, 2016 and 2015, 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 QUALITAT IVE 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.

Interest Rate Sensitivity

We had cash, cash equivalents and short-term investments of $193.5 million as of March 31, 2016, which consisted of bank deposits, money market funds and U.S. Treasury Bills. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. We had no outstanding debt as of March 31, 2016.

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. There have been no material quantitative changes in our market risk exposures between the current fiscal year and preceding fiscal years.

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, 2016. 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. There have been no material quantitative changes in our market risk exposures between the current fiscal year and preceding fiscal years.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2016. 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 our management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2016, our Chief Executive Officer and Chief Financial Officer 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 quarter ended March 31, 2016, 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, 2015 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, 2015 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, 2015.

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

(a)

Not applicable.

(b)

On July 23, 2013, we closed our IPO, in which we sold an aggregate of 5,520,000 shares of common stock at a price to the public of $17.00 per share. The aggregate offering price for shares sold in the offering was $93.9 million. The offer and sale of all of the shares in the IPO were registered under the Securities Act of 1933, as amended, pursuant to a registration statement on Form S-1 (File No. 333-181331), which was declared effective by the Securities and Exchange Commission on July 17, 2013 (the "Registration Statement").

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

(c)

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a)

Not applicable.

(b)

Not applicable.

ITEM 6. EXHIBITS

See the Exhibit Index on the page immediately following the signature page to this Quarterly Report on Form 10-Q for a list of the exhibits filed as part of this Quarterly Report, which Exhibit Index is incorporated herein by reference.

SIGNAT URES

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

OncoMed Pharmaceuticals, Inc.

Date: May 5, 2016

By: /s/ Sunil Patel

Sunil Patel
Chief Financial Officer, Senior Vice President, Corporate Development and Finance
(principal financial and accounting officer)

EXHIBIT INDEX

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

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K on July 23, 2013 and incorporated herein by reference).
3.2	Amended and Restated Bylaws (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K on July 23, 2013 and incorporated herein by reference).
4.1	Form of Common Stock Certificate (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference).
4.2(A)	Amended and Restated Investor Rights Agreement, dated October 7, 2008, by and among the Registrant and certain stockholders (filed as Exhibit 4.4(A) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference).
4.2(B)	Amendment and Consent, dated September 16, 2010, by and among the Registrant and certain stockholders (filed as Exhibit 4.4(B) to the Registrant's Registration Statement on Form S-1 (File No. 333-181331), effective July 17, 2013, and incorporated herein by reference).
4.3	Registration Rights Agreement, dated as of December 2, 2013, by and between the Registrant and Celgene Corporation (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K on December 3, 2013 and incorporated herein by reference).
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101	The following materials from Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in eXtensible Business Reporting Language (XBRL) includes: (i) Condensed Balance Sheets at March 31, 2016 (unaudited) and December 31, 2015, (ii) Condensed Statements of Operations and Comprehensive Loss (unaudited) for the three months ended March 31, 2016 and 2015, (iii) Condensed Statements of Cash Flows (unaudited) for the three months ended March 31, 2016 and 2015, and (iv) Notes to the Condensed Financial Statements.

Exhibit 31.1

CERTIFICATION

I, Paul J. Hastings, certify that:

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

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 5, 2016

/s/ Paul J. Hastings

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

Exhibit 31.2

CERTIFICATION

I, Sunil Patel, certify that:

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

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 5, 2016

/s/ Sunil Patel
Sunil Patel
Senior Vice President and Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

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

In connection with the Quarterly Report of OncoMed Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2016, as filed with the Securities and Exchange Commission (the "Report"), Paul J. Hastings, Chairman and Chief Executive Officer of the Company, and Sunil Patel, Senior Vice President and Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 5, 2016

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

/s/ Sunil Patel
Sunil Patel
Senior Vice President and Chief Financial Officer
(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.