

Mast Therapeutics, Inc.
Form S-4/A
March 13, 2017
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As filed with the Securities and Exchange Commission on March 10, 2017

Registration No. 333-216012

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

**Amendment No. 1
to
FORM S-4
REGISTRATION STATEMENT**

*Under
The Securities Act of 1933*

**Mast Therapeutics, Inc.
(Exact name of Registrant as specified in its charter)**

Delaware (State or other jurisdiction of incorporation or organization)	2834 (Primary Standard Industrial Classification Code Number) 3611 Valley Centre Drive, Suite 500	84-1318182 (I.R.S. Employer Identification Number)
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San Diego, CA 92130

(858) 552-0866

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Brandi L. Roberts

Chief Financial Officer and Senior Vice President

Mast Therapeutics, Inc.

3611 Valley Centre Drive, Suite 500

San Diego, CA 92130

(858) 552-0866

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Michael S. Kagnoff, Esq.

Robert Neville

J. Robert Suffoletta, Esq.

Larry W. Nishnick, Esq.

Chief Executive Officer

Robert T. Ishii, Esq.

DLA Piper LLP (US)

Savara Inc.

Wilson Sonsini Goodrich & Rosati

4365 Executive Drive, Suite 1100

900 S. Capital of Texas Highway

Professional Corporation

San Diego, CA 92121

Las Cimas IV, Suite 150

900 S. Capital of Texas Highway

(858) 677-1400

Austin, TX 78746

Las Cimas IV, Fifth Floor

(512) 961-1891

Austin, TX 78746

(512) 338-5400

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement and the satisfaction or waiver of all other conditions under the Merger Agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Security Being Registered	Amount to be	Proposed Maximum	Proposed Maximum	Amount of Registration
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	Registered(1)	Offering Price Per Share	Aggregate Offering Price(2)	Fee(3)(4)
Common stock, \$0.001 par value per share	902,825,430	N/A	\$7,986,000	\$926

- (1) Relates to common stock, \$0.001 par value per share, of Mast Therapeutics, Inc., a Delaware corporation (Mast), issuable to holders of capital stock, \$0.001 par value per share, and warrants and options of Savara Inc., a Delaware corporation (Savara), in the proposed merger of Victoria Merger Corp., a Delaware corporation and a wholly-owned subsidiary of Mast, with and into Savara. The amount of Mast common stock to be registered is based on the estimated number of shares of Mast common stock that are expected to be issued pursuant to the merger, assuming an exchange ratio of 41.11 shares of Mast common stock for each outstanding share of Savara capital stock and for each option and warrant exercisable for shares of Savara capital stock, without giving effect to a reverse stock split of Mast common stock immediately prior to the merger. The estimated exchange ratio calculation contained herein is based upon Mast's capitalization immediately prior to the date of this proxy statement/prospectus/information statement, and will be adjusted to account for the issuance of any additional shares of Mast common stock prior to the consummation of the merger.
- (2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(f) of the Securities Act of 1933, as amended, based upon the estimated book value of the Savara securities to be exchanged in the merger, as of immediately prior to the merger. Savara is a private company, and no market exists for its securities.
- (3) This fee has been calculated pursuant to Section 6(b) of the Securities Act of 1933, as amended, at a rate equal to \$115.90 per \$1,000,000 of the proposed maximum aggregate offering price.
- (4) The Registrant previously paid a filing fee of \$1,452 in connection with registering 871,659,402 shares of Mast common stock in its Registration Statement on Form S-4 (Registration No. 333-216012), which was filed on February 10, 2017.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus/information statement is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus/information statement is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED March 10, 2017

PROPOSED MERGER

YOUR VOTE IS VERY IMPORTANT

To the Stockholders of Mast Therapeutics, Inc. and Savara Inc.:

Mast Therapeutics, Inc., or Mast, and Savara Inc., or Savara, have entered into an Agreement and Plan of Merger and Reorganization, or the Merger Agreement, pursuant to which a wholly owned subsidiary of Mast will merge with and into Savara, with Savara surviving as a wholly owned subsidiary of Mast, or the merger. The merger will result in a clinical-stage specialty pharmaceutical company focused on the development and commercialization of novel therapies for the treatment of serious or life-threatening rare respiratory diseases.

Immediately prior to the effective time of the merger, each share of Savara preferred stock will be converted into one share of Savara common stock. At the effective time of the merger, each share of Savara common stock will be converted into the right to receive approximately 41 pre-split shares of Mast common stock, subject to adjustment to account for the effect of a reverse stock split of Mast common stock in accordance with a ratio to be determined by mutual agreement of Mast and Savara, and approved by the Mast board of directors, within a range of one share of Mast common stock for every 50 to 70 shares of Mast common stock (or any number in between), or the Reverse Stock Split, to be implemented prior to the consummation of the merger as discussed in this proxy statement/prospectus/information statement. Mast will assume restricted shares of Savara common stock and options to purchase Savara common stock that are outstanding and unexercised as of immediately prior to the effective time of the merger, and they will be converted into restricted shares of Mast common stock or options to purchase Mast common stock, respectively. Mast will assume warrants to purchase Savara common stock that are outstanding and unexercised as of immediately prior to the effective time of the merger, and they will be converted into warrants to purchase Mast common stock. Mast stockholders will continue to own and hold their existing shares of Mast common stock. Immediately after the merger, Savara stockholders, warrant holders and option holders will own approximately 77% of the common stock of Mast, with Mast stockholders, warrant holders and option holders, whose Mast equity will remain outstanding after the merger, holding approximately 23% of the common stock of Mast. The exchange ratio is determined pursuant to a formula described in more detail in the Merger Agreement and in the attached proxy statement/prospectus/information statement, and the pre-split figure and percentage ownership figures are estimates.

Shares of Mast common stock are currently listed on the NYSE MKT equities market under the symbol MSTX. Prior to consummation of the merger, Mast intends to file an initial listing application for the combined company with the NYSE MKT or another national securities exchange. In connection with the merger, Mast will be renamed Savara Inc.

and expects to trade on the NYSE MKT or another national securities exchange under the symbol SVRA. On [], 2017, the last trading day before the date of this proxy statement/prospectus/information statement, the closing sale price of Mast common stock was \$[] per share.

Mast is holding a special meeting of stockholders to obtain the stockholder approvals necessary to complete the merger and related matters. At the Mast special meeting, which will be held at [], local time, on [], 2017 at the offices of Mast Therapeutics, Inc. located at 3611 Valley Centre Drive, Suite 500, San Diego, California 92130, unless postponed or adjourned to a later date, Mast will ask its stockholders to, among other things, adopt the Merger Agreement thereby approving the merger and the issuance of Mast common stock, and approve an amendment and restatement of the Mast amended and restated certificate of incorporation (i) the Reverse Stock Split, and (ii) changing the Mast corporate name to Savara Inc., and approve, on a non-binding advisory vote basis, compensation that will or may become payable by Mast to its named executive officers in connection with the merger, each as described in the accompanying proxy statement/prospectus/information statement.

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As described in the accompanying proxy statement/prospectus/information statement, certain Savara stockholders who in the aggregate beneficially own or control approximately 30% of the outstanding shares of Savara common stock on an as converted to common stock basis, and certain Mast stockholders who in the aggregate beneficially own or control less than one percent of the outstanding shares of Mast common stock, are parties to voting agreements with Mast and Savara, respectively, whereby such stockholders agreed to vote in favor of the adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement, respectively, subject to the terms of the voting agreements. In addition, following the registration statement on Form S-4, of which this proxy statement/prospectus/information statement is a part, being declared effective by the U.S. Securities and Exchange Commission and pursuant to the conditions of the Merger Agreement, the Savara stockholders who are party to the voting agreements will each execute an action by written consent of the Savara stockholders, referred to herein as the written consent, adopting the Merger Agreement and approving the merger and the transactions contemplated by the Merger Agreement. No meeting of Savara stockholders to adopt the Merger Agreement and approve the merger and related transactions will be held; however, all Savara stockholders will have the opportunity to elect to adopt the Merger Agreement, thereby approving the merger and related transactions, by signing and returning to Savara a written consent.

After careful consideration, the Mast and Savara boards of directors have unanimously approved the Merger Agreement and the respective proposals referred to above, and each of the Mast and Savara boards of directors has unanimously determined that it is advisable to enter into the merger. The board of directors of Mast unanimously recommends that its stockholders vote **FOR** the proposals described in the accompanying proxy statement/prospectus/information statement, and the board of directors of Savara unanimously recommends that its stockholders sign and return the written consent indicating their approval of the merger and adoption of the Merger Agreement and related transactions to Savara.

More information about Mast, Savara and the proposed transaction is contained in this proxy statement/prospectus/information statement. Mast and Savara urge you to read the accompanying proxy statement/prospectus/information statement carefully and in its entirety. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER RISK FACTORS BEGINNING ON PAGE 24.

Mast and Savara are excited about the opportunities the merger brings to both Mast and Savara stockholders, and thank you for your consideration and continued support.

Brian M. Culley
Chief Executive Officer
Mast Therapeutics, Inc.

Robert Neville
Chief Executive Officer
Savara Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy

statement/prospectus/information statement. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus/information statement is dated March [], 2017, and is first being mailed to Mast and Savara stockholders on or about [], 2017.

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MAST THERAPEUTICS, INC.

3611 Valley Centre Drive, Suite 500

San Diego, California 92130

(858) 552-0866

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On [], 2017

Dear Stockholders of Mast:

On behalf of the board of directors of Mast Therapeutics, Inc., a Delaware corporation, or Mast, Mast is pleased to deliver this proxy statement/prospectus/information statement for the proposed merger between Mast and Savara Inc., a Delaware corporation, or Savara, pursuant to which Victoria Merger Corp., a wholly owned subsidiary of Mast, will merge with and into Savara, with Savara surviving as a wholly owned subsidiary of Mast. The special meeting of stockholders of Mast will be held on [], 2017 at [], local time, at the offices of Mast Therapeutics, Inc. located at 3611 Valley Centre Drive, Suite 500, San Diego, California 92130, for the following purposes:

1. To consider and vote upon a proposal to approve the merger and the issuance of Mast common stock pursuant to the Agreement and Plan of Merger and Reorganization, dated as of January 6, 2017, by and among Mast, Victoria Merger Corp. and Savara, a copy of which is attached as *Annex A* to the accompanying proxy statement/prospectus/information statement;
2. To approve the amendment and restatement of the amended and restated certificate of incorporation of Mast to effect a reverse stock split of Mast common stock in accordance with a ratio to be determined by mutual agreement of Mast and Savara, and approved by the Mast board of directors, within a range of one share of Mast common stock for every 50 to 70 shares of Mast common stock (or any number in between) in the form attached as *Annex D* to the accompanying proxy statement/prospectus/information statement;
3. To approve the amendment and restatement of the amended and restated certificate of incorporation of Mast to change the name Mast Therapeutics, Inc. to Savara Inc. in the form attached as *Annex D* to the accompanying proxy statement/prospectus/information statement;
4. To consider and vote upon a proposal to approve, on a non-binding advisory vote basis, compensation that will or may become payable by Mast to its named executive officers in connection with the merger;
5. To consider and vote upon an adjournment of the Mast special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Mast Proposal Nos. 1, 2, 3 and 4; and
6. To transact such other business as may properly come before the stockholders at the Mast special meeting or any adjournment or postponement thereof.

The board of directors of Mast has fixed March 13, 2017 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Mast special meeting and any adjournment or postponement thereof. Only

holders of record of shares of Mast common stock at the close of business on the record date are entitled to notice of, and to vote at, the Mast special meeting. At the close of business on the record date, Mast had [] shares of common stock outstanding and entitled to vote.

Your vote is important. The affirmative vote of the holders of a majority of the shares of Mast common stock having voting power present in person or represented by proxy at the Mast special meeting, presuming a quorum is present, is required for approval of Mast Proposal Nos. 1, 4 and 5. The affirmative

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vote of the holders of a majority of shares of Mast common stock having voting power outstanding on the record date for the Mast special meeting is required for approval of Mast Proposal Nos. 2 and 3. Each of Proposal Nos. 1, 2 and 3 are conditioned upon each other. Therefore, the merger cannot be consummated without the approval of Proposal Nos. 1, 2 and 3.

Even if you plan to attend the Mast special meeting in person, Mast requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the Mast special meeting if you are unable to attend.

By Order of the Mast Board of Directors,

Brian M. Culley

Chief Executive Officer

San Diego, California

[], 2017

THE MAST BOARD OF DIRECTORS HAS DETERMINED AND BELIEVES THAT EACH OF THE PROPOSALS OUTLINED ABOVE IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, MAST AND ITS STOCKHOLDERS AND HAS APPROVED EACH SUCH PROPOSAL. THE MAST BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT MAST STOCKHOLDERS VOTE FOR EACH SUCH PROPOSAL.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus/information statement incorporates important business and financial information about Mast that is not included in or delivered with this document. You may obtain this information without charge through the Securities and Exchange Commission, or the SEC, website (www.sec.gov) or upon your written or oral request by contacting the Chief Financial Officer of Mast Therapeutics, Inc., 3611 Valley Centre Drive, Suite 500, San Diego, California 92130 or by calling (858) 552-0866.

To ensure timely delivery of these documents, any request should be made no later than [], 2017 to receive them before the special meeting.

For additional details about where you can find information about Mast, please see the section entitled "Where You Can Find More Information" in this proxy statement/prospectus/information statement.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Except where specifically noted, the following information and all other information contained in this proxy statement/prospectus/information statement does not give effect to the proposed reverse stock split described in Mast Proposal No. 2, beginning on page 161 in this proxy statement/prospectus/information statement.

The following section provides answers to frequently asked questions about the merger. This section, however, provides only summary information. For a more complete response to these questions and for additional information, please refer to the cross-referenced sections.

Q: What is the merger?

A: Mast Therapeutics, Inc., or Mast, and Savara Inc., or Savara, have entered into an Agreement and Plan of Merger and Reorganization, dated as of January 6, 2017, or the Merger Agreement. The Merger Agreement contains the terms and conditions of the proposed business combination of Mast and Savara. Under the Merger Agreement, Victoria Merger Corp., a wholly owned subsidiary of Mast, or the Merger Sub, will merge with and into Savara, with Savara surviving as a wholly owned subsidiary of Mast. This transaction is referred to as the merger or the Merger.

At the effective time of the merger, each share of Savara common stock outstanding immediately prior to the effective time of the merger (excluding certain shares to be canceled pursuant to the Merger Agreement, and shares held by stockholders who have exercised and perfected appraisal rights or dissenters' rights as more fully described in The Merger Appraisal Rights and Dissenters' Rights below) will be converted into the right to receive approximately 41 pre-split shares of Mast common stock, subject to adjustment to account for a reverse stock split of Mast common stock, in accordance with a ratio to be determined by mutual agreement of Mast and Savara, subject to approval by the Mast board of directors (the Mast Board), within a range of one share of Mast common stock for every 50 to 70 shares of Mast common stock (or any number in between) (the Reverse Stock Split), to be implemented prior to the consummation of the merger. As a result of the merger, holders of Savara stock, options and warrants are expected to own in the aggregate approximately 77% of Mast, and the Mast stockholders, optionholders and warrant holders are expected to own in the aggregate approximately 23% of Mast. The exchange ratio is determined pursuant to a formula described in more detail in the Merger Agreement and in this proxy statement/prospectus/information statement, and the pre-split figure and percentage ownership figures are estimates. In connection with the merger, Mast will change its corporate name to Savara Inc. as required by the Merger Agreement.

Q: What will Savara stockholders, warrant holders and holders of Savara equity awards receive in the merger?

A: As a result of the merger, Savara stockholders, warrant holders and holders of Savara equity awards will become entitled to receive shares of Mast common stock, warrants and equity awards equal to approximately 77% of the fully-diluted common stock of Mast. At the effective time of the merger, each share of Savara capital stock will be converted into the right to receive the number of shares of Mast common stock calculated based on the exchange ratio determined in accordance with the Merger Agreement. Savara outstanding warrants, or Savara Warrants, to purchase shares of Savara equity securities not exercised at or prior to the effective time of the

merger will be converted into warrants to purchase Mast common stock, with the number of shares and exercise price being appropriately adjusted to reflect the exchange ratio between Mast common stock and Savara common stock determined in accordance with the Merger Agreement.

At the effective time of the merger, each option to purchase Savara common stock, or Savara Options, that is outstanding and unexercised immediately prior to the effective time of the merger will be converted into and become an option to purchase Mast common stock, with the number of shares and exercise price being appropriately adjusted to reflect the exchange ratio between Mast common stock and Savara common stock determined in accordance with the Merger Agreement.

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At the effective time of the merger, each share of Savara restricted common stock, or Savara Restricted Shares, that is outstanding immediately prior to the effective time of the merger will be exchanged for a restricted share of Mast common stock, and will have, and be subject to, the same terms and conditions (including vesting terms) set forth in Savara's Stock Option Plan and applicable restricted share agreements relating thereto. The number of Mast restricted shares that will be exchanged for an award of Savara restricted shares will be appropriately adjusted to reflect the exchange ratio between Mast common stock and Savara common stock determined in accordance with the Merger Agreement.

For a more complete description of what Savara stockholders, warrant holders and holders of Savara equity awards will receive in the merger, please see the sections entitled "Market Price and Dividend Information" and "The Merger Agreement - Merger Consideration" in this proxy statement/prospectus/information statement.

Q: What will Mast stockholders, warrant holders and holders of Mast equity awards receive in the merger?

A: Mast stockholders, warrant holders and holders of Mast equity awards will not receive anything as a result of the merger, but will continue to hold the same amount of Mast common stock, warrants to purchase Mast common stock and Mast equity awards held immediately prior to the merger, as appropriately adjusted for the Reverse Stock Split.

Q: What will happen to Mast if, for any reason, the merger does not close?

A: If, for any reason, the merger does not close, the Mast Board may elect to, among other things, attempt to complete another strategic transaction like the merger, attempt to sell or otherwise dispose of the various assets of Mast or continue to operate the business of Mast. If Mast decides to dissolve and liquidate its assets, Mast would be required to pay all of its debts and contractual obligations, and to set aside certain reserves for potential future claims, and there can be no assurances as to the amount or timing of available cash left to distribute to stockholders after paying the debts and other obligations of Mast and setting aside funds for reserves.

Q: Why are the two companies proposing to merge?

A: Following the merger, Mast and Savara believe the combined organization will advance a diversified pipeline of novel therapies for the treatment of serious or life-threatening rare respiratory diseases. Mast and Savara believe that the combined organization will have the following potential advantages: (i) a diversified, late-stage product development pipeline with important forthcoming milestones; (ii) an experienced management team; and (iii) the potential to access additional sources of capital. For a discussion of Mast and Savara reasons for the merger, please see the section entitled "The Merger - Mast Reasons for the Merger" and "The Merger - Savara Reasons for the Merger" in this proxy statement/prospectus/information statement.

Q: Why am I receiving this proxy statement/prospectus/information statement?

A: You are receiving this proxy statement/prospectus/information statement because you have been identified as a stockholder of Mast or Savara as of the applicable record date, and you are entitled, as applicable, to vote at the Mast stockholder meeting to approve among other things the merger and the issuance of shares of Mast common stock pursuant to the Merger Agreement, or sign and return the Savara written consent to adopt the Merger Agreement and approve the merger. This document serves as:

a proxy statement of Mast used to solicit proxies for its special meeting of stockholders;

a prospectus of Mast used to offer shares of Mast common stock in exchange for shares of Savara common stock in the merger and issuable upon exerci