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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 30, 2016

Mast Therapeutics, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-32157
(Commission File Number)

84-1318182
(IRS Employer
Identification No.)

**3611 Valley Centre Drive, Suite 500,
San Diego, CA**
(Address of Principal Executive Offices)

92130
(Zip Code)

Registrant's Telephone Number, Including Area Code: (858) 552-0866

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 4.01 Changes in Registrant's Certifying Accountant.

(a) Dismissal of Independent Registered Public Accounting Firm.

On March 30, 2016, the Audit Committee of the Board of Directors (the "Audit Committee") of Mast Therapeutics, Inc. (the "Company") engaged Mayer Hoffman McCann P.C. ("MHM") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016. On March 30, 2016, PricewaterhouseCoopers LLP ("PwC") was dismissed as the Company's independent registered public accounting firm. The decision to change accounting firms was approved by the Audit Committee.

During the Company's two most recent fiscal years, which ended December 31, 2015 and December 31, 2014, and the subsequent interim period through March 30, 2016, (i) there were no "disagreements" (within the meaning set forth in Item 304(a)(1)(iv) of Regulation S-K) with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to PwC's satisfaction, would have caused PwC to make reference to the subject matter of the disagreements in PwC's reports on the Company's financial statements for such years; and (ii) there were no "reportable events" (within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K).

PwC's audit report on the Company's consolidated financial statements as of and for the year ended December 31, 2014 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles. PwC's audit report on the Company's consolidated financial statements as of and for the year ended December 31, 2015 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles, except for an emphasis-of-matter paragraph regarding the Company's recurring significant operating losses and need for additional financing to fund future operations.

In accordance with Item 304(a)(3) of Regulation S-K, the Company provided PwC with a copy of the above disclosures and requested that PwC furnish it with a letter addressed to the United States Securities and Exchange Commission stating whether or not PwC agrees with above statements of the Company in this Item 4.01. A copy of PwC's letter, dated April 1, 2016, stating its agreement with such statements is filed herewith as Exhibit 16.1.

(b) Engagement of New Independent Registered Public Accounting Firm.

As set forth above, on March 30, 2016, the Audit Committee approved the engagement of MHM as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016. During the Company's two most recent fiscal years and the subsequent interim period through March 30, 2016, neither the Company, nor any person acting on its behalf, consulted MHM regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, (ii) the type of the audit opinion that might be rendered on the Company's financial statements, and MHM did not provide any written report or oral advice to the Company that MHM concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (iii) any matter that was either the subject of any disagreement with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to PwC's satisfaction, would have caused PwC to make reference to the subject matter of the disagreements in connection with its reports on the Company's financial statements for such years, or a reportable event.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 31, 2016, the Company's Board of Directors adopted the 2016 Executive Incentive Plan (the "Incentive Plan") and approved corporate performance objectives thereunder, as further discussed below. The Incentive Plan is for the period beginning January 1, 2016 and ending December 31, 2016 (the "Plan Period") and all of the Company's officers (as defined in Rule 16a-1 of the Securities Exchange Act of 1934, as amended) are eligible to participate, including Brian M. Culley, the Company's Chief Executive Officer, Brandi L. Roberts, the Company's Chief Financial Officer, and R. Martin Emanuele, the Company's Senior Vice President, Development.

The Incentive Plan assigns each participant an incentive target expressed as a percentage of the participant's annual base salary. The actual amount of the participant's award, if any, will be based on achievement of performance objectives approved by the Board. A participant's award will be based entirely (100%) on the Company's achievement of corporate performance objectives, unless the Board approves individual performance objectives for a participant, in which case that participant's award will be based 25% on the participant's achievement of individual objectives and 75% on the Company's

achievement of corporate objectives. However, the award for the Company's Chief Executive Officer is based entirely (100%) on the Company's achievement of corporate objectives.

The incentive targets (expressed as a percentage of the officer's annual base salary) assigned to the officers of the Company eligible to participate in the Incentive Plan are as follows:

	<u>Incentive Target</u>
Chief Executive Officer	50%
Senior Vice Presidents and General Counsel	35%

The Board may grant an award that is less than the incentive target if it determines performance partially met objectives or was less than acceptable, or it may grant an award that exceeds the incentive target if it determines performance exceeded objectives or was excellent in view of prevailing conditions; provided, however, that no award may be granted to a participant in excess of three times such participant's base salary. In evaluating performance, the Board will consider the achievement of objectives, the degree to which performance exceeded an objective, the partial achievement of an objective, the quality of achievement, the difficulty in achieving the objective, conditions that affected the ability to achieve objectives and such other factors as the Board determines are appropriate to consider. In determining the actual payout amount of an award, the Board will take into account the recommendations of the Company's Chief Executive Officer and the Compensation Committee of the Board (the "Compensation Committee"). The awards generally will be paid in cash; however, the Board has discretion to determine the composition of each award.

Payment of any award will be made in a single sum on or before March 14, 2017. Subject to any contractual obligations the Company may owe a participant, a participant has not earned and does not have any right or entitlement to any award until the time it is actually paid to such participant, and the Board has absolute discretion to abolish the Incentive Plan at any time or to alter the terms and conditions under which awards will be paid, with or without any reason and with or without prior notice. In order to have earned an award, the applicable participant must have been continuously employed with the Company through and including the date of payment of his or her award, and if the employment of a participant is terminated (whether voluntarily or involuntarily) during the Plan Period or prior to payment of his or her award, whether or not any award payment is made to that participant will be at the absolute discretion of the Board.

The corporate performance objectives under the Incentive Plan were recommended to the Board for determination by the Board's Compensation Committee, which is comprised of independent directors, after considering recommendations from the Company's Chief Executive Officer, and reflect the Board's assessment of near-term goals that are expected to enhance stockholder value if achieved. The corporate objectives involve: (a) progress with research and development and regulatory affairs activities and plans with respect to development of vepoloxamer for sickle cell disease and heart failure and development of AIR001 for heart failure; (b) cash management and adequate capital to support the Company's operations; and (c) increasing the value of the Company relative to a group of peer companies. The corporate objectives are weighted as follows: 65% is weighted on the research and development and regulatory affairs objectives, 20% is weighted on the cash management objectives and 15% is weighted on the value-creation objective.

As of the date of this report, the Board had not approved individual performance objectives for any participant. If the Board approves individual performance objectives for a participant, they will be tailored to that participant's role in the Company and relate to one or more of the following categories: (i) progress and plans relating to research and development or regulatory approval of the Company's product candidates in one or more indications, including nonclinical, clinical, manufacturing and/or regulatory activities, (ii) budget, finance and financial controls and reporting, (iii) corporate management and planning, (iv) progress and plans relating to commercial readiness (v) collaborative development and/or commercialization arrangements, including partnering and licensing arrangements, government funding, and/or other strategic opportunities, and (vi) compliance and risk management.

Pursuant to the Incentive Plan, if a corporate or individual performance objective becomes irrelevant or undesirable during the Plan Period or if a strategic change affects one or more objectives, then, for each such affected objective, the Board, after considering the recommendations of the Company's Chief Executive Officer, may (A) if objectives are weighted, adjust the weightings of one or more existing objectives, (B) substitute one or more new objectives, if objectives are weighted, with appropriate weightings for new and existing objectives, (C) eliminate one or more existing objectives and, if objectives are weighted, re-weight objectives or (D) take no action.

The Incentive Plan is filed herewith as Exhibit 10.1 and incorporated herein by reference. The foregoing description of the Incentive Plan does not purport to be complete and is qualified in its entirety by reference to such exhibit.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The list of exhibits called for by this Item is incorporated by reference to the Exhibit Index immediately following the signature page of this report.

SIGNATURES

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

Mast Therapeutics, Inc.

Date: April 5, 2016

By: /s/ Brandi L. Roberts

Brandi L. Roberts

Chief Financial Officer and Senior Vice President

Exhibit Index

**Exhibit
Number**

Description

10.1	2016 Executive Incentive Plan
16.1	Letter from PricewaterhouseCoopers LLP to the Securities and Exchange Commission, dated April 1, 2016

2016 EXECUTIVE INCENTIVE PLAN

This 2016 Executive Incentive Plan (this “Plan”) of Mast Therapeutics, Inc. (“Mast” or the “Company”) is designed to offer incentive compensation to certain employees of the Company (as described under the “Eligibility” section below (“Participants”)), by rewarding the achievement of near-term corporate objectives and, in some cases, individual objectives. This Plan is intended to create an environment that will focus Participants on the achievement of these objectives. Since cooperation between departments and Participants will be required to achieve corporate objectives that represent a significant portion of the incentive awards available under this Plan, this Plan should foster improved teamwork and a more cohesive management team.

Purpose of this Plan

This Plan is designed to:

- provide an incentive program to achieve near-term corporate objectives and thereby enhance stockholder value;
- reward key employees who significantly impact corporate results;
- encourage increased teamwork among all departments within the Company;
- incorporate an incentive program in Mast’s overall compensation strategy to help attract and retain key employees; and
- incentivize Participants to remain employed by Mast throughout the plan period and until the time incentive awards are paid.

Plan Period

The plan period under this Plan is the period beginning January 1, 2016 and ending December 31, 2016.

Plan Governance

This Plan will be governed and administered by the Company’s Board of Directors (the “Board”). The Board will be responsible for determining and approving all awards to Participants and for all other determinations under the Plan. All Board actions shall receive the maximum deference provided by applicable law.

Eligibility

All full time (40 hours/week) exempt employees who are subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934, as amended, are eligible to participate in this Plan. To be eligible to earn and receive an award under this Plan, such employee: (a) must have been in an eligible position (i.e., a Section 16 officer) prior to October 1, 2016 and remain employed in such capacity through the date any incentive awards are paid; and (b) must not be on probation or under review or evaluation (or similar disciplinary action) at the time incentive award determinations are made or paid.

Form of Incentive Award Payments

Incentive award payments generally will be made in cash, though the Board has sole and absolute discretion to determine the composition of individual incentive award payments.

Corporate and Individual Objectives

This Plan calls for incentive awards based on the achievement of near-term corporate objectives by the Company and individual objectives by Participants.

Shortly after or in connection with adoption of this Plan, the Company's Chief Executive Officer (the "CEO") will present to the Board (or to the Compensation Committee of the Board for review and recommendation to the Board) a list of proposed near-term corporate objectives for the plan period, which objectives are subject to review and approval by the Board (the "Specified Objectives"). In addition, shortly after or in connection with adoption of this Plan, the CEO may present to the Board (or to the Compensation Committee of the Board for review and recommendation to the Board) a list of individual objectives applicable to each Participant, other than the CEO, which objectives are subject to review and approval by the Board. Specified Objectives may be individually weighted with respect to all Specified Objectives. If individual objectives are approved for a Participant, the incentive award for such Participant will be based 25% on individual objectives and 75% on corporate objectives; otherwise, the incentive award will be based 100% on corporate objectives.

If an approved Specified Objective or individual objective becomes irrelevant or undesirable during the plan period or if a strategic change affects (one or more) objectives then, for each such affected objective:

(a) with respect to Specified Objectives, after considering the recommendations of the CEO, the Board may (i) if objectives are weighted, adjust the weightings of one or more existing objectives, (ii) substitute one or more new objectives, if objectives are weighted, with appropriate weightings for new and existing objectives, (iii) eliminate one or more existing objectives and, if objectives are weighted, re-weight objectives or (iv) take no action;

(b) with respect to individual objectives, after considering the recommendations of the CEO, the Board may take one of the actions described in subsections (a)(i)-(iv) above.

Incentive Award Targets

The target amount of a typical incentive award will be a specific dollar amount or determined by applying a "target percentage" to the base salary earned by a Participant during the plan period as a Participant in this Plan. In general, the following target percentages of base salary will be used to determine target award amounts:

Level	Target Percentage (%)
Chief Executive Officer	50%
Senior Vice Presidents	35%
General Counsel	35%

Note: Notwithstanding the foregoing, actual target amounts may be greater or less for a particular Participant based on the terms of employment with such Participant.

The target amount reflects the Board's determination of appropriate near-term incentive compensation where performance met objectives (including, but not limited to, Specified Objectives) or was acceptable in view of prevailing conditions. The actual payout amount of an incentive award may exceed the target amount if performance exceeded objectives or was excellent in view of prevailing conditions or may be less than the target amount if performance partially met objectives or was less than acceptable.

In evaluating performance, the Board will consider the achievement of objectives (including, but not limited to, Specified Objectives), the degree to which performance exceeded the objective or an objective is partially achieved, the quality of achievement, the difficulty in achieving the objective, conditions that affected the ability to achieve objectives and such other factors as the Board determines are appropriate to consider.

Payment of Incentive Awards

The actual payout amount of each Participant's incentive award will be determined by the Board after considering the recommendations of the CEO. Notwithstanding any other provision of this Plan, the actual payout amount of an incentive award for a Participant will not exceed three (3) times such Participant's base salary.

Notwithstanding any other provision of this Plan, each Participant's award, if any, will be paid in a single sum on or before March 14, 2017. Incentive award calculations for each Participant that are based on a percentage of salary will be based on such Participant's base salary earned during the plan period as a Participant in this Plan. A Participant has not earned and does not have any right or entitlement to any award under this Plan until the time the award is actually paid to such Participant.

Termination of Employment

Subject to any contractual obligations that the Company may owe to a Participant, any award payment provided for under this Plan is completely discretionary and is not considered earned by a Participant until it is actually paid. Continued employment until payment of the incentive award is required and if the employment of a Participant is terminated (whether voluntarily or involuntarily) during the plan period, or prior to payment of incentive awards, whether or not an award payment is made will be at the absolute discretion of the Board.

Absolute Right to Alter or Abolish this Plan; Disputes

Subject to any contractual obligations that the Company may owe to a Participant, the Board reserves the right in its absolute discretion to abolish this Plan at any time or to alter the terms and conditions under which incentive awards will be paid, with or without any reason and with or without prior notice. Such discretion may be exercised any time before, during, and after the plan period has commenced or is completed. No Participant shall earn or vest in any right to receive any award hereunder until actual payment of such award.

Any dispute or controversy arising under this Plan will be settled by the Board in its sole and absolute discretion.

Employment Duration/Employment Relationship

This Plan does not, and Mast's policies and practices in administering this Plan do not, constitute an express or implied contract or other agreement concerning the duration of any Participant's employment with the Company. The employment relationship of each Participant is "at will" and may be terminated at any time by Mast or by the Participant, with or without cause, subject to the terms of any applicable agreement.

Forfeiture Events

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, any Participant who knowingly or through gross negligence engaged in the misconduct, or who knowingly or through gross negligence failed to prevent the misconduct, and any Participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, shall reimburse the Company for (i) the amount of any payment with respect to this Plan received by such Participant during the 12 month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement, and (ii) any profits realized by such Participant from the sale of securities of the Company during such 12 month period. In addition, to the extent the Company is required by future applicable laws, securities exchange listing standards and/or policies adopted by the Company to recover, or clawback, awards paid by the Company to Participants as a result of this Plan, awards attributable to this

Plan shall be subject to such laws, securities exchange listing standards and/or Company policies, regardless of whether a Participant is an officer or employee of the Company at the time recovery of such compensation is required.

Other Terms and Conditions of this Plan

The Company is not responsible for any tax liability incurred by Participants that receive an award under this Plan, but reserves the right to deduct from any award payment an amount equal to all or any part of the deductions or taxes required by applicable law to be withheld by the Company. Each Participant further understands and agrees that such Participant will be entirely responsible for any and all taxes on any benefits payable to the Participant as a result of this Plan.

The Company intends that the awards and payments pursuant to this Plan will not be subject to taxation under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, the provisions of this Plan shall be interpreted and construed in favor of satisfying any applicable requirements of, or exemptions from, Section 409A of the Code. In the event this Plan or any benefit paid to a Participant hereunder is deemed to be subject to Section 409A of the Code, each Participant consents to the Company adopting such conforming amendments as the Company deems necessary, in good faith and in its reasonable discretion, to comply with Section 409A of the Code and avoid the imposition of taxes under Section 409A of the Code. Each payment made pursuant to any provision of this Plan shall be considered a separate payment and not one of a series of payments for purposes of Section 409A of the Code. While it is intended that all payments and benefits provided under this Plan to each Participant will be exempt from or comply with Section 409A of the Code, the Company makes no representation or covenant to ensure that the payments under this Plan are exempt from or compliant with Section 409A of the Code. The Company will have no liability to any Participant or any other party if a payment or benefit under this Plan is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. In addition, if upon a Participant's "separation from service" within the meaning of Section 409A of the Code, such Participant is then a "specified employee" (as defined in Section 409A of the Code), then solely to the extent necessary to comply with Section 409A of the Code and avoid the imposition of taxes under Section 409A of the Code, the Company shall defer payment of "nonqualified deferred compensation" subject to Section 409A of the Code payable as a result of and within six (6) months following such "separation from service" under this Plan until the earlier of (i) the first business day of the seventh month following such Participant's "separation from service," or (ii) ten (10) days after the Company receives written notification of such Participant's death. Any such delayed payments shall be made without interest.

This Plan is unfunded and no provision of this Plan shall require the Company, for the purpose of satisfying any Plan obligations, to purchase assets or place any assets in a trust or other entity or otherwise to segregate any assets for such purposes. Nothing contained in this Plan nor any action taken pursuant to its provisions shall create or be construed to create a fiduciary relationship between the Company and any Participant or other person. Any right to receive an award payment under this Plan shall be no greater than the right of any unsecured creditor of the Company.

This Plan represents the entire plan as to the matters described herein. Except as may be expressly provided in a Participant's employment or similar agreement with the Company, this Plan shall supersede all prior or contemporaneous plans or arrangements or understandings between the Company and any Participant, whether written or oral, express or implied, with respect to any subject covered by this Plan.

This Plan shall be governed by, and interpreted, construed, and enforced in accordance with, the laws of the State of California without regard to its or any other jurisdiction's conflicts of laws provisions.

Adopted: March 31, 2016

April 1, 2016

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-7561

Commissioners:

We have read the statements made by Mast Therapeutics, Inc. (copy attached), which we understand will be filed with the Securities and Exchange Commission, pursuant to Item 4.01 of Form 8-K, as part the Form 8-K Mast Therapeutics, Inc. dated March 30, 2016. We agree with the statements concerning our Firm in such Form 8-K.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Dismissal of Independent Registered Public Accounting Firm.

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During the Company's two most recent fiscal years, which ended December 31, 2015 and December 31, 2014, and the subsequent interim period through March 30, 2016, (i) there were no "disagreements" (within the meaning set forth in Item 304(a)(1)(iv) of Regulation S-K) with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to PwC's satisfaction, would have caused PwC to make reference to the subject matter of the disagreements in PwC's reports on the Company's financial statements for such years; and (ii) there were no "reportable events" (within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K).

PwC's audit report on the Company's consolidated financial statements as of and for the year ended December 31, 2014 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles. PwC's audit report on the Company's consolidated financial statements as of and for the year ended December 31, 2015 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles, except for an emphasis-of-matter paragraph regarding the Company's recurring significant operating losses and need for additional financing to fund future operations.