Savara Inc
Form DEF 14A
April 23, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(A) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SAVARA INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 23, 2018

Dear Fellow Stockholder,

I am pleased to invite you to attend the 2018 Annual Meeting of Stockholders of Savara Inc., which will be held on June 4, 2018 at 9:00 a.m. local time at the offices of Wilson Sonsini Goodrich & Rosati, P.C., located at 900 South Capital of Texas Highway, Las Cimas IV, Fifth Floor, Austin, Texas 78746.

Last year was transformative for Savara. The events of 2017 included the merger with Mast Therapeutics, Inc., which resulted in Savara becoming a public company, and two successful follow-on public offerings. These events had a significant impact on our company as reflected in the proxy statement included with this letter.

As outlined in the notice of the meeting and proxy statement, the following four items are on the agenda for the annual meeting:

(1.) The election of seven directors to our board of directors. Each of our current directors is standing for re-election to our board. We believe that the current board is well qualified, and its re-election will help ensure organizational sustainability and effectiveness. Our board of directors unanimously recommends a vote FOR the election of each of the nominees set forth in the proxy.

(2.) The approval of an amendment to our Certificate of Incorporation that will decrease the number of common shares we are authorized to issue from 500,000,000 to 200,000,000. Our board of directors has unanimously approved the amendment, subject to stockholder approval, because we believe that it will allow us to reduce our Delaware franchise tax liability while still allowing us to maintain an adequate reserve of shares for future issuances. Our board of directors unanimously recommends a vote FOR this proposal.

(3.) The approval of the amendment and restatement of our 2015 Omnibus Incentive Plan (the 2015 Plan) to (i) increase the number of shares of common stock authorized for issuance thereunder by 3,000,000, (ii) reflect recent changes to the federal tax code, and (iii) make certain other changes as set forth in the amended and restated plan. Our board of directors has unanimously approved the amendment, subject to stockholder approval, because the number of shares remaining available for issuance under the 2015 Plan is very minimal and not adequate to allow us to attract and retain the services of employees and non-employee directors and to motivate participants to achieve long-term objectives that we believe will benefit our stockholders. Our board of directors unanimously recommends a vote FOR this proposal.

(4.) The ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. PricewaterhouseCoopers LLP served in that capacity for the year ended December 31, 2017, and the audit committee of our board of directors has approved the appointment for the year ended December 31, 2018. Our board of directors unanimously recommends a vote FOR this proposal.

For more information, please review the full description of each of the above proposals included in the proxy statement. In addition to the formal business to be transacted at the meeting, management will be available to respond to appropriate questions from stockholders.

Whether or not you plan to attend the annual meeting in person, I encourage you to follow the instructions in the enclosed materials to submit your vote in order to ensure your shares are represented at the meeting.

Thank you for your continued interest in Savara.

Sincerely,

/s/ Rob Neville

Rob Neville
Chief Executive Officer

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SAVARA INC.

6836 Bee Cave Road

Building III, Suite 200

Austin, TX 78746

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 4, 2018

The 2018 Annual Meeting of Stockholders of Savara Inc. will be held on June 4, 2018 at 9:00 a.m. local time at the offices of Wilson Sonsini Goodrich & Rosati, P.C., located at 900 South Capital of Texas Highway, Las Cimas IV, Fifth Floor, Austin, Texas 78746. The meeting is being held for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To elect seven directors to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal;

2. To approve an amendment to our Certificate of Incorporation to reduce the number of authorized shares of our common stock from 500,000,000 to 200,000,000;

3. To approve the amendment and restatement of our 2015 Omnibus Incentive Plan to (i) increase the number of shares of common stock authorized for issuance thereunder by 3,000,000, (ii) reflect recent changes to the federal tax code, and (iii) make certain other changes as set forth in the amended and restated plan;

4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and

5. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 5, 2018 will be entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the meeting will be available for inspection by any stockholder for any purpose relating to the meeting during ordinary business hours at our corporate offices located at 6836 Bee Cave Road, Building III, Suite 200, Austin, Texas 78746 for ten days prior to the meeting, and will also be available for inspection at the meeting.

Your vote is important. Whether or not you plan to attend the meeting, and no matter how many shares you own, please vote as promptly as possible. This will help to ensure the presence of a quorum at the meeting and save us additional proxy solicitation costs.

All stockholders are cordially invited to attend the meeting.

By Order of the Board of Directors,

/s/ Rob Neville

Rob Neville
Chief Executive Officer

Austin, Texas

April 23, 2018

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting To Be Held on June 4, 2018. This notice of meeting, the proxy statement for the meeting and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at www.proxyvote.com.

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SAVARA INC.

6836 Bee Cave Road

Building III, Suite 200

Austin, TX 78746

(512) 961-1891

PROXY STATEMENT

2018 ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 4, 2018

GENERAL INFORMATION ABOUT THE MEETING

Savara Inc., a Delaware corporation (Savara, we, us, our, or our company), is making proxy materials, including proxy statement, available to our stockholders via the Internet in connection with the solicitation of proxies by our board of directors for use at our 2018 Annual Meeting of Stockholders to be held on June 4, 2018 at 9:00 a.m. local time at the offices of Wilson Sonsini Goodrich & Rosati, P.C., located at 900 South Capital of Texas Highway, Las Cimas IV, Fifth Floor, Austin, Texas 78746 (the Annual Meeting), and at any adjournment or postponement thereof.

This proxy statement, the attached notice of the Annual Meeting, a proxy card and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are collectively referred to as the proxy materials. The proxy materials are first being made available to our stockholders on or about April 23, 2018.

Notice of Internet Availability of Proxy Materials

All stockholders have the ability to access the proxy materials on the website referred to in the attached notice of the Annual Meeting. Pursuant to rules adopted by the U.S. Securities and Exchange Commission (the SEC), we have elected to send a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders instead of mailing printed copies of the proxy materials, unless you have previously elected to receive printed materials. The Notice provides instructions on how to access the proxy materials via the Internet and how to request a printed set of the proxy materials at no charge. In addition, stockholders can elect to receive future proxy materials electronically by email or in printed form by mail, and any such election will remain in effect until terminated by the stockholder. We encourage all stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the cost and environmental impact of our annual meetings.

Purposes of the Annual Meeting

The Annual Meeting is being held for the following purposes:

1. To elect seven directors to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal;

2. To approve an amendment to our Certificate of Incorporation to reduce the number of authorized shares of our common stock from 500,000,000 to 200,000,000;

3. To approve the amendment and restatement of our 2015 Omnibus Incentive Plan to (i) increase the number of shares of common stock authorized for issuance thereunder by 3,000,000, (ii) reflect recent changes to the federal tax code, and (iii) make certain other changes as set forth in the amended and restated plan;

4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and

5. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

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Record Date; Shares Outstanding and Entitled to Vote

Our board of directors has fixed April 5, 2018 as the record date for the determination of holders of our common stock entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. At the close of business on the record date, we had 30,604,366 shares of common stock issued and outstanding. Each stockholder of record as of the record date is entitled to one vote at the Annual Meeting for each share of common stock held by such stockholder on the record date. Stockholders do not have cumulative voting rights. We had no other class of capital stock outstanding as of the record date. No other shares are entitled to notice of, or to vote at, the Annual Meeting.

How to Vote Your Shares

If you hold your shares in your own name as the stockholder of record: You may vote your shares by proxy over the Internet or by telephone by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you may vote by marking, dating and signing the enclosed proxy card and returning it in the postage-paid envelope provided or you may vote over the Internet or by telephone pursuant to the instructions provided in the proxy card. Additionally, you may vote your shares in person at the Annual Meeting. Stockholders voting by Internet or telephone should understand that, while we and the party providing the service through which you may vote by Internet or by telephone do not charge any fees to our stockholders for voting by Internet or telephone, there may still be costs, such as usage charges from Internet access providers and telephone companies, for which you are responsible.

If your shares are held in the name of a broker or other nominee (that is, in street name): You will receive instructions from the holder of record that you must follow for your shares to be voted. The availability of telephonic or Internet voting will depend on your broker s (or other nominee s) voting process. Please check with your broker or other nominee and follow the voting procedure your broker or other nominee provides to vote your shares. If you wish to vote in person at the Annual Meeting, you must request a legal proxy from your broker or other nominee that holds your shares and present that proxy and proof of identification at the Annual Meeting.

By casting your vote by proxy, you are authorizing the holders of the proxies solicited by this proxy statement to vote your shares in accordance with your instructions.

YOUR VOTE IS VERY IMPORTANT. We encourage you to submit your vote by proxy even if you plan to attend the Annual Meeting and vote in person.

How to Change Your Vote

If you hold your shares in your own name: You may revoke your proxy and change your vote at any time before your proxy is exercised by:

- Delivering to our corporate secretary a written notice of revocation, dated later than the proxy you wish to revoke, before voting begins at the Annual Meeting;

- Delivering to our corporate secretary a duly executed proxy bearing a date later than the proxy you wish to revoke, before voting begins at the Annual Meeting;

Voting again on a later date via the Internet or by telephone before 11:59 p.m. Eastern Time on June 1, 2018 (in which case only your latest Internet or telephone proxy submitted will be counted); or

Attending the Annual Meeting and voting in person (your attendance at the Annual Meeting, in and of itself, will not revoke your proxy).

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Any written notice of revocation or later dated proxy should be delivered before the close of business on June 1, 2018 to:

Savara Inc.

6836 Bee Cave Road

Building III, Suite 200

Austin, TX 78746

Attention: Corporate Secretary

Alternatively, you may hand deliver a written revocation notice or a later dated proxy to our corporate secretary at the Annual Meeting before voting begins.

If your shares are held in street name: You must follow the instructions provided by the broker or other nominee if you wish to change your vote.

Proxies

If you provide specific voting instructions on your proxy card or when voting via the Internet or by telephone, your shares will be voted at the Annual Meeting in accordance with your instructions. If you hold shares in your name and execute a proxy (either by submitting it via the Internet or telephone or signing and returning a proxy card) without making individual selections, your shares will be voted in accordance with the recommendations of our board of directors, which are:

- For election of each of the nominees to our board of directors listed in the proxy materials;

- For the amendment of our Certificate of Incorporation to reduce the number of authorized shares of our common stock from 500,000,000 to 200,000,000;

- For the amendment and restatement of our 2015 Omnibus Incentive Plan to (i) increase the number of shares of common stock authorized for issuance thereunder by 3,000,000, (ii) reflect recent changes to the federal tax code, and (iii) make certain other changes as set forth in the amended and restated plan; and

- For ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

At this time, we are unaware of any matters, other than those set forth above, that may properly come before the Annual Meeting. If any other matters properly come before the Annual Meeting or any adjournment or postponement thereof, the holders of proxies solicited by this proxy statement, or their duly constituted substitutes acting at the Annual Meeting and any adjournment or postponement thereof, will be deemed authorized to vote or otherwise act on such matters in accordance with their judgment.

The holders of proxies solicited by this proxy statement, or their duly constituted substitutes acting at the Annual Meeting and any adjournment or postponement thereof, may propose and vote for one or more adjournments or postponements of the Annual Meeting, including adjournments or postponements to permit further solicitations of proxies. Proxies solicited may be voted only at the Annual Meeting and any adjournment or postponement thereof and will not be used for any other meeting of our stockholders.

Broker Non-Votes

A broker non-vote occurs when a nominee (typically a broker or bank) holding shares for a beneficial owner (typically referred to as shares being held in street name) submits a proxy for those shares, but indicates on the proxy that it does not have authority to vote those shares on particular proposals because it has not received specific voting instructions from the beneficial owner for those proposals. Under the rules of the New

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York Stock Exchange, or NYSE, brokers and other nominees have discretion to vote shares held in street name on routine matters but lack such discretion with regard to non-routine matters. The approval of the amendment to our Certificate of Incorporation and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2018 are considered routine matters and, as such, brokers and other nominees may vote on those proposals in the absence of specific instructions from the beneficial owner. The other proposals described in this proxy statement are considered non-routine matters and brokers and other nominees do not have discretionary authority to vote on such proposals.

Quorum and Required Votes

A majority of the aggregate number of shares of our common stock issued and outstanding and entitled to vote at the Annual Meeting must be present in person or by proxy in order for there to be a quorum at the Annual Meeting and for any action to be taken at the Annual Meeting. If you submit a properly executed proxy via the Internet or by telephone or mail, regardless of whether you abstain from voting on one or more matters, your shares will be counted as present at the Annual Meeting for the purpose of determining a quorum. Broker non-votes will also be counted as present for the purpose of determining the presence of a quorum at the Annual Meeting.

Proposal 1: The affirmative vote of the holders of a majority of the shares of our common stock having voting power present in person or represented by proxy at the Annual Meeting is required for the election of each director nominee. This majority voting standard means that a director nominee will be elected if the number of shares voted For that director nominee exceeds the aggregate number of shares voted Against and that Abstain from voting with respect to that director nominee. As a result, an abstention will have the same effect as a negative vote. Broker non-votes will not be counted toward the vote total and therefore will have no effect on the outcome of this proposal. In accordance with our corporate governance guidelines, each of our incumbent directors tendered his resignation in advance of being nominated for election at the Annual Meeting, with the effectiveness of such resignation subject to and contingent upon (a) the director s failure to receive a sufficient number of votes for re-election at the Annual Meeting and (b) our board of directors acceptance of the resignation. Accordingly, the continued service on our board of directors by any director who is not re-elected because he does not receive the requisite affirmative votes at the Annual Meeting will be subject to our board of directors determination as to whether to accept or reject his resignation. Our board of directors will take into account and consider the voting results at the Annual Meeting, but has sole discretion to determine whether or not to accept the resignation.

Proposal 2: The affirmative vote of the holders of a majority of the outstanding shares of our common stock on the record date is required to amend our Certificate of Incorporation to reduce the number of authorized shares of our common stock from 500,000,000 to 200,000,000. An abstention will have the same effect as a negative vote. Brokers and other nominees generally will have discretionary authority to vote on this proposal because it is considered a routine matter under NYSE rules; therefore, we do not expect any broker non-votes with respect to this proposal.

Proposal 3: The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve the amendment and restatement of our 2015 Omnibus Incentive Plan to (i) increase the number of shares of common stock authorized for issuance thereunder by 3,000,000, (ii) reflect recent changes to the federal tax code, and (iii) make certain other changes as set forth in the amended and restated plan. An abstention will have the same effect as a negative vote. Broker non-votes will not be counted toward the vote total and therefore will have no effect on the outcome of this proposal.

Proposal 4: The affirmative vote of the holders of a majority of the shares of our common stock having voting power present in person or represented by proxy at the Annual Meeting is required to ratify the appointment of

PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal

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year ended December 31, 2018. An abstention will have the same effect as a negative vote. Brokers and other nominees generally will have discretionary authority to vote on this proposal because it is considered a routine matter under NYSE rules; therefore, we do not expect any broker non-votes with respect to this proposal.

Solicitation of Proxies

We are soliciting proxies from our stockholders on behalf of our board of directors and will pay for all costs incurred in connection with the solicitation. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from our stockholders in person or by telephone, facsimile, email or other electronic methods without additional compensation other than reimbursement for their actual expenses.

We may retain a proxy solicitation firm to assist us in the solicitation of proxies for the Annual Meeting. We would pay such firm, if any, customary fees, which we do not expect would exceed $20,000 and would reimburse the firm for its reasonable out-of-pocket expenses.

Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and we will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

If You Receive More Than One Proxy Card

If you receive more than one proxy card, it means you hold shares that are registered in more than one account. To ensure that all of your shares are voted, please mark your votes and date, sign and return each proxy card, or vote your proxy via Internet or by telephone as instructed on each proxy card.

Householding Information

The SEC has adopted rules that permit brokers, banks and other nominees to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single copy of such document addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

A number of brokers and other nominees with account holders who are our stockholders may be householding the proxy materials. This means that only one copy of this proxy statement and our annual report may have been sent to multiple stockholders in a household. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report from the other stockholder(s) sharing your address, please (i) notify your broker or other nominee, (ii) direct your written request to Savara Inc., 6836 Bee Cave Road, Building III, Suite 200, Austin, TX 78746, Attention: Corporate Secretary or (iii) contact us by phone at (512) 961-1891. We undertake to deliver promptly, upon any such oral or written request, a separate copy of the proxy materials to a stockholder at a shared address to which a single copy of these documents was delivered. Stockholders who currently receive multiple copies of the proxy materials at their address and would like to request householding of their communications should notify their broker or other nominee, or contact our corporate secretary at the above address or phone number.

If you have any questions about voting your shares, please contact us at (512) 961-1891.

Explanatory Note Regarding Our Merger with Mast Therapeutics, Inc.

On April 27, 2017, our company, Savara Inc. (formerly known as Mast Therapeutics, Inc.), completed its business combination with Aravas Inc., a Delaware corporation formerly known as Savara Inc. (Aravas), in accordance with the terms of the Agreement and Plan of Merger and Reorganization (the Merger Agreement), dated as of January 6, 2017, by and among Savara, Victoria Merger Corp., and Aravas (the Merger).

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In connection with the Merger, our stockholders approved a reverse stock split at a ratio of one new share for every seventy shares then outstanding (the Reverse Split). The share and per share amounts in this Proxy Statement reflect the Reverse Split unless otherwise noted. Upon the closing of the Merger, a wholly-owned subsidiary of Savara merged with and into Aravas, with Aravas becoming a wholly-owned subsidiary of Savara and Savara being the surviving corporation of the Merger. Additionally, we issued shares of our common stock to the stockholders of Aravas, at an exchange ratio of 0.5860 of a share of common stock, in exchange for each share of Aravas common stock outstanding. As a result of the Merger, the Savara (formerly Mast) equity holders owned approximately 23% of the combined company, and the Aravas (formerly Savara) pre-existing equity holders owned approximately 77%.

Pursuant to the terms of the Merger Agreement, all of the Mast executive officers and three members of the Mast board of directors prior to the Merger resigned, and the Savara executive officers and five members of the Savara board of directors were appointed to their applicable offices, concurrent with the closing of the Merger. In this Proxy Statement, we discuss both our former executive officers and members of our board of directors prior to the Merger and our current executive officers and members of our board of directors.

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BOARD OF DIRECTORS

The current members of our board of directors, their ages as of April 1, 2018, their committee assignments, and the month and year in which they commenced service on our board, are as follows:

Name	Age	Committee Membership	Director Since
Robert Neville	52	None	April 2017
Nevan Elam	50	Compensation Committee (Chair)	April 2017
Richard J. Hawkins	69	Audit Committee	April 2017
Matthew Pauls	47	Compensation Committee Nominating & Governance Committee	October 2015
David A. Ramsay	53	Audit Committee (Chair)	June 2011
Joseph S. McCracken	64	Compensation Committee Nominating & Governance Committee	April 2017
Yuri Pikover	56	Audit Committee Nominating & Governance Committee (Chair)	April 2017

Our certificate of incorporation and bylaws, provide that each director elected or appointed to our board of directors shall hold office until the next annual meeting of stockholders following such election or appointment and until the director s successor is elected and qualified, or until the director s earlier resignation or removal. Our bylaws provide that vacancies on our board of directors, including those resulting from an increase in the authorized number of directors, may be filled by a majority of the remaining directors, even if less than a quorum, or by a sole remaining director. Any director appointed as a result of a vacancy holds office until the next annual meeting of stockholders and until a successor is elected and qualified. Pursuant to our bylaws, the authorized number of directors may be not less than three nor more than nine, with the exact number, which currently is seven, to be fixed by resolutions adopted from time to time by our board of directors. At the Annual Meeting, proxies cannot be voted for a greater number of individuals than the seven nominees named in this proxy statement.

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NOMINEES FOR ELECTION TO THE BOARD

Each of our current directors has been nominated for election to our board of directors. The paragraphs below provide information about each such director nominee. There are no family relationships among any of our directors and executive officers.

Robert Neville. Mr. Neville has served as our Chairman and Chief Executive Officer since April 2017, and served as Aravas Chairman and CEO since he co-founded the company in June 2008. Mr. Neville has extensive operational and development experience spanning more than 25 years across a number of sectors, including the life sciences industry. Prior to co-founding Savara, Mr. Neville founded and served as CEO at Evity, Inc., a developer of web-based applications, which was subsequently sold to BMC Software, Inc., from June 1998 to May 2000. Based on his work at Aravas and Evity, Mr. Neville was honored as a two-time finalist for the Ernst & Young Entrepreneur of the Year award. Mr. Neville holds a post-graduate Engineering degree from the University of Natal South Africa. We believe Mr. Neville s experience as Chief Executive Officer of Aravas and his previous service in executive positions at various companies qualifies him to serve on the board of directors.

Nevan Elam. Mr. Elam has served as a member of our board of directors since April 2017 and served as a member of the Aravas board of directors beginning in February 2009. Mr. Elam is currently the President, Chief Executive Officer and Chairman of Rezolute Inc. (formerly AntriaBio, Inc.), a biopharmaceutical company focused on developing novel extended release therapies. Prior to his tenure at Rezolute which began in October 2012, Mr. Elam served for three years as the Chief Executive Officer and President of AeroSurgical Ltd., a medical device company operating out of Ireland. Prior to his service with AeroSurgical Ltd., Mr. Elam was Head of the Pulmonary Business Unit and Senior Vice President of Nektar Therapeutics. Earlier in his career he was a founder and Chief Financial Officer of E2open as well as a Partner in the corporate practice of the law firm of Wilson Sonsini Goodrich & Rosati, P.C. In addition to serving on the Rezolute Board of Directors, he also serves on the Board of Directors of pH Pharmaceuticals in Seoul, Korea. Mr. Elam received his Juris Doctorate from Harvard Law School and a Bachelors of Arts from Howard University. We believe Mr. Elam s broad experience with pharmaceutical companies, including advising them of their unique legal and regulatory obligations, qualifies him to serve on the board of directors.

Richard J. Hawkins. Mr. Hawkins has served as a member of our board of directors since April 2017 and served as a member of the Aravas board of directors beginning in October 2010. Since September 2010, Mr. Hawkins has served as President and Chief Executive Officer of Lumos Pharma, Inc., a clinical stage biotechnology company focused on bringing novel therapies to patients with severe, rare, and genetic diseases, whose medical needs are unmet. From 2000 to 2010, Mr. Hawkins, founded and advised numerous pharmaceutical companies including Sensus, where he served as co-founder and Chairman until being sold to Pfizer. From 1981 to 2000, Mr. Hawkins was founder, President and CEO of Pharmaco and guided the company s growth to over 2,000 employees. The company later merged with PPD of Wilmington, NC to form PPD Pharmaco, one of the largest clinical contract research organizations in the world. Mr. Hawkins received his Bachelor of Science in Biology from Ohio University. We believe Mr. Hawkins s experience in the pharmaceutical and life sciences industries as well as his broad management experience qualify him to serve on the board of directors.

Joseph S. McCracken. Dr. McCracken has served as a member of our board of directors since April 2017 and served as a member of the Aravas board of directors beginning in October 2013 and currently advises biopharmaceutical companies on the design and implementation of corporate strategy and business development initiatives.
Dr. McCracken also serves on the boards of biopharmaceutical companies, including Alkahest, Inc. and Regimmune Inc. From July 2011 to September 2013, Dr. McCracken was Vice President and Global Head of Business Development & Licensing for Roche Pharma, a research-focused healthcare company, where he was responsible for Roche Pharma s global in-licensing and out-licensing activities. From October 2009 until July 2011 he was General

Manager, Roche Pharma Japan & Asia Regional Head, Roche Partnering. Prior to joining Roche Pharma, Dr. McCracken held the position of Vice President, Business Development at Genentech for

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more than 10 years, and previously held similar positions at Aventis Pharma and Rhone-Poulenc Rorer. Dr. McCracken holds a Bachelor of Science in Microbiology, a Master of Science in Pharmacology and a Doctorate of Veterinary Medicine from The Ohio State University. We believe Dr. McCracken s extensive experience in the biotechnology and pharmaceutical industries qualifies him to serve on the board of directors.

Matthew Pauls. Mr. Pauls has served as a member of our board of directors since October 2015. Mr. Pauls currently serves as President and Chief Executive Officer of Strongbridge Biopharma plc (NASDAQ: SBBP), a biopharmaceutical company focused on therapies that target rare diseases, a position he has held since August 2014. He also has served as a member of the board of directors of Strongbridge since September 2015. Prior to Strongbridge, from April 2013 to August 2014, Mr. Pauls was Chief Commercial Officer of Insmed, Inc. (NASDAQ: INSM), a publicly traded global biopharmaceutical company focused on rare diseases. Prior to Insmed, Mr. Pauls worked at Shire Pharmaceuticals, a global specialty biopharmaceutical company, from 2007 to April 2013, most recently as Senior Vice President, Head of Global Commercial Operations from May 2012 to April 2013. Earlier in his career, from 1997 to 2007, Mr. Pauls held senior positions at Bristol-Myers Squibb in Brand Management and Payor Marketing and at Johnson & Johnson in various U.S. and global commercial roles. Mr. Pauls holds B.S. and M.B.A. degrees from Central Michigan University and a J.D. from Michigan State University College of Law. We believe Mr. Pauls s leadership experience and extensive commercialization, strategic planning and operations experience in the biopharmaceutical industry and particularly with therapies for rare diseases qualify him to serve as a member of the board of directors.

Yuri Pikover. Mr. Pikover has served as a member of our board of directors since April 2017 and served as a member of the Aravas board of directors beginning in October 2013. Since 1999, Mr. Pikover has served as Managing Director of 37Ventures, LLC, a boutique venture fund focusing on growing early-stage startups. From 1999 to 2002, Mr. Pikover was Chairman and Chief Executive Officer of Access360. From 1993 to 1999, Mr. Pikover was co-founder and Executive Vice President of Xylan and helped lead the fast growing organization going public in 1996 and in its acquisition by Alcatel in 1999. We believe Mr. Pikover s extensive experience as an investor and board member in pharmaceutical and life sciences companies and his knowledge gained from service on such boards qualify him to be a member of the board of directors.

David A. Ramsay. Mr. Ramsay has served as member of our board of directors since June 2011. Since February 2018, Mr. Ramsay has served as Senior Vice President and Chief Financial Officer of Bonti, Inc., a private, clinical stage biotechnology company focused on the development and commercialization of neurotoxin products for therapeutic and aesthetic applications. Additionally, since January 2017, Mr. Ramsay has served on the board of directors of F1 Oncology, Inc., a private biotechnology company focused on the discovery and development of adoptive cellular therapies for solid tumors. Mr. Ramsay served as Chief Financial Officer of Halozyme Therapeutics, Inc. (NASDAQ: HALO), a biotechnology company developing and commercializing novel oncology therapies, from May 2013 until his retirement in July 2015 and from 2003 to May 2009. He also served as Halozyme s Vice President, Corporate Development from May 2009 to May 2013. From 2000 to 2003, Mr. Ramsay was Vice President, Chief Financial Officer of Lathian Systems, Inc., a provider of technology-based sales solutions for the life science industry. From 1998 to 2000, he was with Valeant Pharmaceuticals International, Inc. (formerly ICN Pharmaceuticals, Inc.), a multinational specialty pharmaceutical company, where he served as Vice President, Treasurer and Director, Corporate Finance. Mr. Ramsay began his career at Deloitte & Touche, where he obtained his CPA license. Mr. Ramsay holds a B.S. in business administration from the University of California, Berkeley and a M.B.A. with a dual major in finance and strategic management from The Wharton School at the University of Pennsylvania. We believe Mr. Ramsay s significant experience as chief financial officer of life science companies, particularly his experiences at Halozyme during its successful development and its commercialization of its first products, and at a large audit and financial advisory firm, qualify him to serve on the board of directors.

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CORPORATE GOVERNANCE

Director Independence

Our board of directors has determined that each of our directors other than Robert Neville is independent as defined under the NASDAQ Stock Market listing standards.

Board Committees

Our board of directors currently has an audit committee, compensation committee and nominating and governance committee.

Audit Committee. The Audit Committee of our board of directors was established by our board of directors in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the Exchange Act) to oversee our corporate accounting and financial reporting processes and audits of our financial statements. For this purpose, the Audit Committee performs several functions, including, among other things:

- appointing and providing for the compensation of the independent registered public accounting firm to be engaged to prepare and issue an audit report and perform other audit, review or attest services;
- approving any other permissible non-audit services to be provided by the independent auditor;
- overseeing the work and evaluating the performance of the independent auditor, and, if so determined by the audit committee, terminating and replacing the independent auditor;
- reviewing and discussing, including with management and the independent auditor, the annual and quarterly financial statements;
- reviewing any proposed significant changes to accounting principles and practices;
- reviewing any material changes to the system of internal control over financial reporting;
- if applicable, reviewing management s report on effectiveness of internal control over financial reporting and the independent auditor s audit of the effectiveness of Savara s internal control over financial reporting;
- establishing a procedure for receipt, retention and treatment of any complaints or concerns received by Savara about accounting, internal accounting controls or auditing matters;

- reviewing, approving and overseeing any related party transaction that would require disclosure pursuant to Item 404 of Regulation S-K;

- overseeing the implementation and enforcement of our insider trading policy; and

- reviewing and evaluating any significant financial risk exposures facing Savara and the steps our management has taken to control and monitor such exposures.

Savara s management has the primary responsibility for our consolidated financial statements and the reporting process including our system of internal accounting and financial controls.

The Audit Committee consists of Mr. Ramsay, who serves as its chairman, Mr. Pikover and Mr. Hawkins. Our board of directors reviews the NASDAQ listing standards definition of independence for Audit Committee members on an annual basis and has determined that all current members of the Audit Committee are independent as currently defined by listing standards and Rule 10A-3 of the Exchange Act. Our board of directors has also determined that Mr. Ramsay qualifies as an audit committee financial expert, as defined in applicable SEC rules.

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Compensation Committee. The Compensation Committee of our board of directors acts on behalf of our board of directors to review, adopt or recommend for adoption, and oversee Savara s compensation strategy, policies, plans and programs. For this purpose, the Compensation Committee performs several functions, including, among other things:

- reviewing and recommending to our board of directors for its determination and approval the amount, form and terms of compensation of our Chief Executive Officer and other officers (as such term is defined under the NASDAQ listing standards);
- reviewing and making recommendations to our board of directors regarding our overall compensation strategy and policies;
- reviewing and making recommendations regarding Savara s equity and/or cash incentive plans and other benefit plans and, to the extent as may be permitted or required under such plans, the committee has the power and authority to administer the plans, establishes guidelines, interpret plan documents, select participants, and approve grants and awards thereunder;
- granting equity awards to non-officer employees and consultants in accordance with the terms of Savara s equity incentive plan and to establish compensation policies and practices applicable to non-officer employees;
- evaluating the relationship between executive officer compensation policies and practices and corporate risk management to confirm those policies and practices do not incentivize excessive risk-taking;
- evaluating and making recommendations to our board of directors regarding the compensation of non-employee directors;
- retaining, obtaining the advice of, engaging, compensating and terminating compensation consultants, legal counsel and such other advisors as it deems necessary and advisable to assist it in carrying out its responsibilities and functions; and
- appointing, compensating and overseeing the work of any of its compensation consultants, legal counsel and other advisors.

The Compensation Committee consists of Mr. Elam, who serves as its chairman, Dr. McCracken and Mr. Pauls. All members of the Compensation Committee are independent as currently defined under the NASDAQ listing standards and Rule 10C-1 of the Exchange Act.

Nominating and Governance Committee. The Nominating and Governance Committee of our board of directors is responsible for identifying, reviewing and evaluating candidates to serve as directors of Savara (consistent with criteria approved by our board of directors), reviewing and evaluating incumbent directors, selecting or recommending to our board of directors for selection candidates for election to the board, making recommendations to our board of directors regarding the membership of the committees of the board, assessing the performance of the board, and developing a set of corporate governance principles for Savara. The responsibilities of the Nominating and Governance Committee relating to the nomination of directors include, among other things, the following:

- identifying and recommending to our board of directors nominees for possible election to the board;
- evaluating and making recommendations to our board of directors regarding its size, composition and leadership structure;
- reviewing and assessing Savara s corporate governance guidelines and recommending any proposed changes thereto to our board of directors; and
- reviewing and making recommendations to our board of directors regarding issues of executive officer succession planning and providing oversight with respect to corporate governance matters.

The Nominating and Governance Committee currently consists of Mr. Pikover, who serves as its chairman, Dr. McCracken and Mr. Pauls. Mr. Elam served on the Nominating and Governance Committee from April 2017 to March 2018. Mr. Pauls was appointed to the Nominating and Governance Committee in March 2018. All members of the Nominating and Governance Committee are independent as currently defined in NASDAQ listing standards.

Our board of directors may from time to time establish other committees. Charters for the audit committee, the compensation committee and the nominating and governance committee, as well as our corporate governance guidelines, are posted on our corporate website at: https://savarapharma.com/investors/corporate-governance/.

Meetings of the Board and its Committees

As required under applicable listing standards and our corporate governance guidelines, our board of directors meets on a regular basis to fulfill its responsibilities, including at least once each quarter, and our independent directors meet at least annually in executive session outside the presence of non-independent directors and management. During 2017, our board of directors met 14 times, the audit committee met four times, the compensation committee met three times and the nominating and governance committee met one time. Each member of our board of directors who is nominated for election at the Annual Meeting who served on our board during all or part of 2017 attended 75% or more of the aggregate of (i) the total number of board meetings held during the period of such member s service and (ii) the total number of meetings of committees on which such member served during the period of such member s service.

Board Leadership Structure and Role in Risk Oversight

Robert Neville currently serves as both the chairman of our board of directors and as our chief executive officer. We believe that combining the roles of chairman and chief executive officer promotes unification and direction, allowing for increased operational effectiveness and strong, efficient leadership. We believe Mr. Neville is best positioned to identify strategic priorities, lead critical discussion and execute our business plans. We believe that the leadership structure of our board of directors and its committees provides independent oversight that balances Mr. Neville s combined role, which helps ensure a strong, independent, and active board of directors.

Our corporate governance guidelines do not require our board of directors to combine the roles of chairman and chief executive officer, but our board of directors believes this leadership structure is the appropriate structure for our company at this time. Pursuant to our corporate governance guidelines, our board of directors may choose its chair in any manner that it deems to be in the best interests of our company. In the future, our board of directors may designate an independent director to serve as a lead independent director, with the responsibilities specified in our corporate governance guidelines.

Our board of directors is responsible for oversight of risks facing our company, while our management is responsible for day-to-day management of risk. Our board of directors as a whole directly administers its risk oversight function. In addition, the risk oversight function is also administered through the committees of our board of directors, which oversee risks inherent in their respective areas of responsibility, reporting to our board of directors regularly and involving the board as necessary. For example, the audit committee oversees our financial exposure and financial reporting related risks, and the compensation committee reviews risks related to our compensation programs and practices and makes recommendations to our board regarding oversight of such risks. Our board of directors as a whole directly oversees our strategic and business risk, including product development risk, through regular interactions with our management. We believe our board s leadership structure supports its role in risk oversight, with our executive officers responsible for assessing and managing risks facing our company on a day-to-day basis and the members of our board of directors providing oversight of such risk management.

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Director Resignation Policy

Under Delaware law, an incumbent director may remain in office notwithstanding the failure to receive the required vote for re-election until the director s successor is duly elected. To address this holdover rule, our corporate governance guidelines include a director resignation policy whereby our board of directors will nominate for re-election only those directors who tender an irrevocable, contingent resignation in writing to the chair of our board. The resignation becomes effective only if (a) the director fails to receive a sufficient number of votes for re-election at a meeting of stockholders at which director elections are held and (b) our board of directors accepts the resignation. If a director fails to receive the required vote for re-election, the nominating and governance committee, or such other committee designated by our board of directors, which we refer to as the reviewing committee, will act promptly to consider the director s resignation and recommend to the full board of directors whether to accept or reject the resignation, or whether other action should be taken. Our board of directors expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. In considering whether to accept or reject a director s resignation, each of the reviewing committee and our board of directors may consider any factors it deems relevant. Within 90 days after the date of the certification of the election results for the applicable stockholders meeting, our board of directors will act on the resignation, taking into account the reviewing committee s recommendation, and publicly disclose its decision.

Prohibition on Hedging and Speculative Transactions Involving our Securities

As part of our insider trading policy, our directors and employees (including our executive officers) and designated consultants, advisors and contractors to our company are prohibited from engaging in speculative transactions involving our securities, including short sales, sales against the box or any equivalent transaction involving our securities (or the securities of any of our customers, vendors, suppliers or other business partners). In addition, as part of our insider trading policy, our directors, officers and other employees and consultants, advisors and contractors to our company are prohibited from engaging in hedging or derivative transactions involving our securities, such as cashless collars, forward sales, equity swaps and other similar or related transactions. Further, our insider trading policy states that our directors and employees (including our executive officers) and other persons subject to the policy are not permitted to hypothecate or pledge our securities to secure a loan and that they cannot purchase our securities on margin (that is, borrow funds to purchase securities, including in connection with exercising any stock options).

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DIRECTOR NOMINATIONS

Criteria for Board Membership and Process for Identifying and Evaluating Nominees

In recommending candidates for appointment or election to our board of directors, the Nominating and Governance Committee considers the appropriate balance of experience, skills and characteristics required of our board of directors and seeks to ensure that at least a majority of the directors are independent under NASDAQ listing standards and that the board s Audit Committee and Compensation Committee will be comprised of directors who meet applicable NASDAQ listing standards and SEC rules regarding qualifications to serve on such committees. Candidates for director are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of our business environment, willingness to devote adequate time to board duties, the interplay of the candidate s experience and skills with those of other directors and the extent to which the candidate would be a desirable addition to our board and any of its committees. Directors generally will not be nominated for re-election at any annual or special meeting held after their 80th birthday. In addition, our corporate governance guidelines require that directors limit their service on boards of directors of public companies to a total of four (including service on our board). Other than the foregoing, there are no stated minimum criteria for director nominees, although the Nominating and Governance Committee may also consider such other factors as it may deem are in the best interests of our company and its stockholders.

The Nominating and Governance Committee does not have a policy regarding board diversity, but it takes diversity of professional experience and perspective within the pharmaceutical and biotechnology industries into account in identifying and selecting director nominees. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Governance Committee reviews these directors overall service to the company during their terms, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors independence. In the case of new director candidates, the Nominating and Governance Committee also determines whether the nominee is independent for NASDAQ purposes, which determination is based upon applicable NASDAQ listing standards and applicable SEC rules and regulations. The Nominating and Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of our board of directors. The Nominating and Governance Committee meets to discuss and consider the candidates qualifications and then selects a nominee by majority vote which is typically recommended to the full board of directors.

Stockholder Recommendations

The Nominating and Governance Committee will consider director candidates recommended by stockholders. The Nominating and Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. Stockholders who wish to recommend individuals for consideration by the Nominating and Governance Committee to become nominees for election to our board of directors may do so by delivering a written recommendation to the Nominating and Governance Committee at the following address: c/o Savara Inc., 6836 Bee Cave Road, Building III, Suite 200, Austin, TX 78746, Attn: Corporate Secretary. Submissions must include the following information: the name, age, business address and residence address of the proposed nominee; a statement of the proposed nominee s business experience and educational background; the proposed nominee s principal occupation or employment; the class and number of shares of our capital stock beneficially owned by the proposed nominee; a detailed description of all relationships, arrangements or understandings between the proposing stockholder and the proposed nominee and any other person or persons (naming such person or persons) pursuant to which such proposed nomination is being made by the stockholder; a detailed description of all relationships, arrangements or understandings between the proposed nominee and

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any service-provider or supplier to, or competitor of Savara s; information regarding each of the criteria for board membership described above in sufficient detail to allow the Nominating and Governance Committee to evaluate the proposed nominee; and a statement from the proposed nominee that he or she is willing to be considered and willing to serve as a director if nominated and elected. The proposing stockholder must also include the following information with respect to such stockholder: documentation supporting that the proposing stockholder is a stockholder of Savara; the proposing stockholder s name and address, as they appear on Savara s books; and the class and number of shares of Savara s capital stock beneficially owned by the proposing stockholder. If a stockholder submits a director recommendation in compliance with the procedure described above, the Nominating and Governance Committee will conduct an initial evaluation of the proposed nominee and, if it determines the proposed nominee may be a qualified candidate, the nominating and governance committee and one or more members of the management team will interview the proposed nominee to determine whether he or she might be suitable to be a director. If the Nominating and Governance Committee determines the proposed nominee would be a valuable addition to our board of directors, based on the criteria for board membership described above and the specific needs of the board at the time, it will recommend to the board such person s nomination. In connection with its evaluation, the Nominating and Governance Committee may request additional information from the proposed nominee and/or the proposing stockholder.

Separately, our bylaws contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the board at Savara s annual meeting of stockholders. Such nominations may be made only if the stockholder has given timely written notice to the company s corporate secretary containing the information required by our bylaws. To be timely, such notice must be received at Savara s principal executive offices not earlier than the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the date of the preceding year s annual meeting as first specified in the notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent), except that if no annual meeting was held in the previous year or the date of the annual meeting is more than 30 days earlier or later than such anniversary date, such notice must be received not earlier than the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or the 10th day following the date on which Savara first publicly announces the date of such meeting.

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COMMUNICATIONS WITH DIRECTORS

Stockholders who wish to communicate with our board of directors or an individual director may do so by sending a written communication addressed to the board or an individual director to: Savara Inc., 6836 Bee Cave Road, Building III, Suite 200, Austin, TX 78746, Attention: Investor Relations. Submitting stockholders should indicate they are a stockholder of our company. Depending on the subject matter, investor relations will: forward the inquiry to the chair of our board of directors, who may forward the inquiry to a particular director if the inquiry is addressed to a particular director; forward the inquiry to the appropriate personnel within our company (for instance, if it is primarily commercial in nature); attempt to handle the inquiry directly (for instance, if it is a request for information about our company or a stock-related matter); or not forward the inquiry, if it relates to an improper or inappropriate topic or is otherwise irrelevant.

Any stockholder who wishes to communicate with our board of directors to report complaints or concerns related to accounting, internal accounting controls or auditing may submit a report telephonically or through a web-based system via the toll-free telephone number or the internet address provided in our Code of Business Conduct and Ethics, which is available on our corporate website at www.savarapharma.com.

We encourage but do not require our directors to attend our annual meetings of stockholders. Mr. Neville was the only director serving on our board at the time of our 2017 annual meeting of stockholders who attended the annual meeting.

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EXECUTIVE OFFICERS

Our current executive officers, their ages and positions held as of April 1, 2018, are as follows:

Name	Age	Title
Robert Neville	52	Chairman and Chief Executive Officer
Taneli Jouhikainen	51	President and Chief Operating Officer
David Lowrance	50	Chief Financial Officer

Biographical Information

Robert Neville. For biographical information regarding Mr. Neville, see Nominees for Election to the Board above.

Taneli Jouhikainen. Dr. Jouhikainen has served as our President and Chief Operating Officer since April 2017. Dr. Jouhikainen is a co-founder of Aravas, and served as Chief Operating Officer of the company beginning in October 2009 and President beginning in December 2014. From October 2006 until September 2009, he served at Akela Pharma, Inc., a public clinical stage specialty pharmaceutical company focused on orphan drugs and inhalation products, first as Head of Corporate Development, and subsequently as interim CEO until the company s merger with Nventa Biopharmaceuticals. From January 2004 to September 2006, he served as President of LAB Pharma Oy, and Head of the Drug Development Business Unit of its parent company, LAB International, Inc., a public clinical stage specialty pharmaceutical company. From January 2001 to January 2004, he served at Focus Inhalation Oy, a clinical stage specialty pharmaceutical company focusing on inhaled products, first as Vice President of Business Development & Strategy, and subsequently as President and Chief Executive Officer, until the merger of Focus Inhalation with LAB International, Inc. From May 1994 to December 2000, he served at Schering AG, a global pharmaceutical company, first as Research Manager, and subsequently as Head of Clinical Development. Dr. Jouhikainen holds an MD and a Ph.D. in hematology and immunology from the University of Helsinki, and an MBA from the Helsinki School of Economics.

David Lowrance. Mr. Lowrance has served as our Chief Financial Officer since April 2017. Mr. Lowrance served as Aravas s Chief Financial Officer beginning in November 2016. From September 2014 to October 2016, Mr. Lowrance served as the Chief Financial Officer and Treasurer of Edgemont Pharmaceuticals, a fully-integrated specialty pharmaceutical company with multiple marketed products in the CNS space. From April 2011 to September 2014, Mr. Lowrance served as the Chief Financial Officer and Secretary of Acucela Inc., a clinicalstage biotechnology company that specializes in ophthalmic therapeutics, where he was responsible for overseeing all aspects of Acucela s day-to-day operations, business development and growth endeavors, investor relations and corporate communications. While at Acucela, Mr. Lowrance helped lead a $162 million international IPO, with a listing on the Tokyo Stock Exchange. From March 2003 to April 2011, Mr. Lowrance was Vice President and Chief Financial Officer of Cumberland Pharmaceuticals Inc. (NASDAQ: CPIX), a specialty pharmaceutical company focused on commercializing branded prescription products, where he oversaw all aspects of finance and accounting, business and growth strategy and product development. Mr. Lowrance, a CPA, holds a B.B.A. in Accounting from the University of Georgia.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our common stock as of April 5, 2018 (the Evaluation Date), or an earlier date for information based on filings with the SEC, by (a) each person known to us to beneficially own more than 5% of the outstanding shares of our common stock, (b) each director and nominee for director, (c) each of the named executive officers listed in the summary compensation table included in this proxy statement, and (d) all of our current directors and executive officers as a group. Percent of beneficial ownership is based on 30,604,366 shares of our common stock outstanding as of the Evaluation Date.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Shares of common stock that may be acquired by an individual or group within 60 days of the Evaluation Date, pursuant to the exercise of options or warrants, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, based on information provided to us by such stockholders. Unless otherwise indicated, the address for each stockholder listed is: c/o Savara Inc., 6836 Bee Cave Road, Building III, Suite 200, Austin, TX 78746.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Outstanding
Principal Stockholders:		
Entities affiliated with Zambon SpA (1)	4,693,540	15.3%
Persons and entities affiliated with Farallon Capital Management LLC (2)	3,000,000	9.6%
Consonance Capital Management LP (3)	2,756,012	9.0%
Serenova A/S	1,965,400	6.4%
Directors and Named Executive Officers:		
Robert Neville (4)	702,293	2.3%
Nevan Elam (5)	53,880	*
Richard J. Hawkins (6)	51,536	*
Joseph S. McCracken (7)	96,939	*
Matthew Pauls (8)	4,400	*
Yuri Pikover (9)	466,677	1.5%
David A. Ramsay (10)	27,320	*
Taneli Jouhikainen (11)	407,735	1.3%
David Lowrance (12)	39,703	*
Brian Culley		*
Brandi L. Roberts		*
Edwin Parsley		*
Shana Hood		*
All current executive officers and directors as a group (9 persons) (13)	1,850,483	6.1%

* Represents beneficial ownership of less than 1% of the shares of Common Stock.

1) The information as to beneficial ownership is based on a Schedule 13G filed June 29, 2017 with the SEC on behalf of Zambon SpA and Zambon Company SpA (collectively, the Zambon Reporting Persons). The Schedule 13G states that the Zambon Reporting Persons have sole voting and dispositive power over 4,693,540 shares. The address of each of the Zambon Reporting Persons is Via Lillo del Duca, 10, Bresso, MI 20091, Italy.

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2) The information as to beneficial ownership is based on a Schedule 13G/A filed on February 14, 2018 with the SEC on behalf of Farallon Capital Management, LLC and the following associated persons and entities: Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P., Farallon Capital Institutional Partners V, L.P., Farallon Capital Offshore Investors II, L.P., Farallon Capital (AM) Investors, L.P., Farallon Capital F5 Master I, L.P., Farallon Partners, L.L.C., Farallon Institutional (GP) V, L.L.C., and Farallon F5 (GP), L.L.C., Philip D. Dreyfuss, Michael B. Fisch, Richard B. Fried, David T. Kim, Monica R. Landry, Michael G. Linn, Ravi K. Paidipaty, Rajiv A. Patel, Thomas G. Roberts, Jr., William Seybold, Andrew J. M. Spokes, John R. Warren, and Mark C. Wehrly (collectively, the Farallon Reporting Persons). The Schedule 13G/A states that, collectively, the Farallon Reporting Persons have shared voting and dispositive power over 2,225,000 shares and warrants to purchase 775,000 shares. The address of the Farallon Reporting Persons is c/o Farallon Capital Management, L.L.C., One Maritime Plaza, Suite 2100, San Francisco, California 94111.
3) The information as to beneficial ownership is based on a Schedule 13G filed February 14, 2018 with the SEC on behalf of Consonance Capital Management LP, Consonance Capital Opportunity Fund Management LP, Mitchell Blutt and Consonance Capman GP, LLC (collectively, the Consonance Reporting Persons). The Schedule 13G states that the Consonance Reporting Persons have shared voting and dispositive power over 2,756,012 shares. The address of each of the Consonance Reporting Persons is 1370 Avenue of the Americas, Floor 33, New York, NY 10019.
4) Includes 296,908 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
5) Consists of 53,880 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
6) Consists of 51,536 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
7) Includes (i) 36,649 shares issuable upon the exercise of options held by Dr. McCracken and (ii) 424 shares issuable upon the exercise of outstanding warrants, in each case that are exercisable within 60 days of the Evaluation Date.
8) Includes 3,750 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
9) Includes 275,445 shares held by 37Ventures, LLC, and Mr. Pikover is managing director of 37Ventures, LLC. Also includes (i) 36,649 shares issuable upon the exercise of options held by Mr. Pikover and (ii) 849 shares issuable upon the exercise of outstanding warrants, in each case that are exercisable within 60 days of the Evaluation Date.
10) Includes 3,750 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
11) Includes 197,409 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
12) Includes 15,948 shares issuable upon the exercise of options that are exercisable within 60 days of the Evaluation Date.
13) Includes 877,286 shares held of record by our directors and executive officers, 696,479 shares issuable upon the exercise of options held by our directors and executive officers that are exercisable within 60 days of the Evaluation Date, 1,273 shares issuable upon the exercise of warrants held by our directors and executive officers or their affiliates that are exercisable within 60 days of the Evaluation Date, and 275,445 shares held by entities over which our directors and executive officers may be deemed to have voting and dispositive power.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our audit committee s charter requires that it reviews and approves any proposed related-party transaction that would require disclosure pursuant to Item 404(a) of Regulation S-K.

Savara had no related party transactions requiring disclosure under applicable SEC rules for the year ended December 31, 2017 and no such related party transaction is currently proposed.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than 10% of our common stock, to file reports of securities ownership and changes in such ownership with the SEC. Our officers and directors and persons who own more than 10% of our common stock also are required by rules promulgated by the SEC to furnish us with copies of all Section 16(a) reports they file. Based solely upon a review of the copies of such reports furnished to us and written representations from our directors and executive officers, we believe that all Section 16(a) filing requirements were timely met during the fiscal year ended December 31, 2017.

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EQUITY COMPENSATION PLAN INFORMATION

The table below provides information about our common stock that, as of December 31, 2017, may be issued upon the exercise of options and the vesting of RSUs under the following equity compensation plans (which are all our equity compensation plans; provided, however, that new equity awards may only be issued under the 2015 Omnibus Incentive Plan):

2015 Omnibus Incentive Plan (the 2015 Plan)

Savara Inc. Stock Option Plan (the 2008 Plan)

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options and vesting of RSUs	(b) Weighted average exercise price of outstanding options (1)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity Compensation Plans Approved by Stockholders (2)	2,003,707(3)	$ 3.47	84,168(4)
Total	2,003,707	$ 3.47	84,168

(1) The weighted average exercise price does not take into account the shares issuable upon vesting of outstanding RSUs, which have no exercise price.

(2) In connection with the Merger, we assumed the 2008 Plan from Aravas, pursuant to which Aravas had issued equity awards to employees, directors, and consultants. Upon the closing of the Merger, those awards became exercisable for shares of our common stock.

(3) As of December 31, 2017, includes 358,114 shares issuable upon the exercise of outstanding options granted under our 2015 Plan, 86,875 shares issuable upon the vesting of RSUs granted under our 2015 Plan, and 1,558,718 shares issuable upon the exercise of outstanding options granted under the 2008 Plan.

(4) As of December 31, 2017, includes 84,168 shares remaining available for future issuance under our 2015 Plan.

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COMPENSATION DISCUSSION AND ANALYSIS

Merger with Mast Therapeutics

On April 27, 2017, during our 2017 fiscal year, we completed the Merger between Mast Therapeutics, Inc., a publicly traded company, and Savara Inc., a private 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. The resulting combined company changed its name to Savara Inc. and continued the business of the private entity Savara Inc. as the principal business of the combined entity. In this compensation discussion and analysis, we refer to Savara Inc., as a private company prior to the Merger, as Private Savara, and Mast Therapeutics, Inc. prior to the Merger as Mast.

As a result of the Merger, the executive officers of Mast were replaced with the management of Private Savara. The disclosures provided for executive officers include persons deemed to be named executive officers, or NEOs, under SEC rules, which includes the former principal executive officer, former principal financial officer and two other former executive officers of Mast prior to the closing of the Merger. For the year ended December 31, 2017, our Named Executive Officers under SEC rules were:

- Robert Neville, our Chief Executive Officer;
- Taneli Jouhikainen, our President and Chief Operating Officer;
- Dave Lowrance, our Chief Financial Officer;
- Brian Culley, Mast s Chief Executive Officer;
- Brandi Roberts, Mast s Chief Financial Officer;
- Edwin Parsley, Mast s Chief Medical Officer and Senior Vice President; and
- Shana Hood, Mast s General Counsel, Vice President and Secretary.

This Compensation Discussion and Analysis focuses on the historic compensation programs of Private Savara and the current and anticipated compensation programs of Savara as a public company.

Overview

We believe hiring and retaining well performing executives is important to our ongoing success. Our executive compensation program is intended to attract and retain qualified executive officers and to align the interests of our executive officers with those of our stockholders by incentivizing and rewarding achievement of business objectives that Savara believes will enhance Savara s value and by promoting commitment to long-term success. As a clinical-stage biopharmaceutical company, these objectives are to be accomplished primarily by positioning us to successfully execute our drug product development and regulatory approval efforts and to translate those efforts, over time, into revenues and income from commercialization of or strategic collaborations with respect to our product candidates. To that end, our executive compensation packages include a base salary to provide an element of income stability and security that compensates our executive officers for expected day-to-day performance, annual performance-based cash incentives to motivate our executive officers to achieve near-term corporate goals that are set by our board of directors and intended to enhance the value of our company, and significant long-term incentives in the form of stock-based compensation to further align the interests of our executive officers with those of our stockholders, reward long-term value-creation, and increase retention. The components of our executive compensation program also are intended to complement each other and offset risk of overemphasis on short-term goals to the detriment of long-term value creation.

Neither our board of directors nor the compensation committee of our board of directors (our Compensation Committee) has adopted any formal or informal policies or guidelines for allocating compensation between cash and non-cash compensation, or among different forms of non-cash compensation.

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The determination of the board of directors or Compensation Committee as to the appropriate use and weight of each component of executive compensation has been historically subjective, based on its view of the relative importance of each component in meeting our overall objectives. Historically, the Private Savara board of directors focused on balancing the need to hire and retain executives with the need to conserve cash and maintain the affordability of executive compensation arrangements. As a result, when weighting forms of compensation, the Private Savara board placed a greater emphasis on non-cash equity incentive compensation, particularly stock option awards and restricted stock awards.

When establishing executive compensation, our board of directors and Compensation Committee consider a number of factors, including the input of our chief executive officer related to the compensation of executives other than himself. The board of directors of Private Savara used market data as well as internal considerations when setting executive compensation for 2017. In late 2017, our Compensation Committee engaged Setren, Smallberg & Associate (Setren), an independent executive compensation consultant, to assist in evaluating our compensation practices following our transition to operating as a public company following the Merger, including measuring the competitiveness of our compensation practices against an appropriate peer group. The Compensation Committee and Setren reviewed data from the Radford Life Science Index as well as the compensation practices of a peer group of comparable companies. Additionally, the Compensation Committee considered the changes in the responsibilities of the executives and their transition to executives of a publicly held entity. After reviewing the available data and considering such factors, in December 2017, the Compensation Committee recommended and the board approved executive compensation adjustments to bring our compensation levels in line with our public company peers, which were effective beginning December 16, 2017.

Factors for Determining 2017 Compensation

Performance

One of the primary objectives of our executive compensation program is to motivate our executive officers to achieve strategic goals that our board of directors believes will lead to short-term and long-term value creation for our stockholders. As discussed above, given the nature of our business and our life-cycle stage, these goals are largely tied to advancement of our product pipeline through the attainment of clinical and regulatory milestones, securing adequate funding, and managing our cash resources consistent with forecast and strategic plans. Although our board of directors establishes pre-approved goals in connection with setting the bonus targets, our board retains significant discretion to assess performance in a subjective, non-formulaic manner.

Competitive Assessment

Our board of directors and Compensation Committee believe that examining data from similarly situated companies in our industry and establishing a peer group and reviewing compensation packages offered and paid to similar positions of that peer group provide useful information in evaluating our executive compensation practices, including the structure and levels of compensation that will allow us to attract, retain and motivate our executive officers and also align their interests with those of our stockholders.

In the fourth quarter of 2016, the board of directors of Private Savara reviewed market data from the Radford Pre-IPO Survey, which contained compensation information from a range of similarly situated private biotechnology companies in the U.S., prior to establishing 2017 executive compensation. The board compared the compensation data from the survey against then-current the salary and bonus target levels for the executive officers.

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In the fourth quarter of 2017, in consultation with Setren, our Compensation Committee established a peer group for a market assessment of our executive compensation ahead of making its recommendations for changes in executive compensation. For purposes of comparison with other public companies, Setren established, and the Compensation Committee and our management approved, the following peer group:

Antriabio, Inc. (now Rezolute, Inc.)	Corvus Pharmaceuticals, Inc.	Protagonist Therapeutics, Inc.
Aradigm Corporation	Curis, Inc.	Rigel Pharmaceuticals, Inc.
Ardelyx, Inc.	Fate Therapeutics, Inc.	Stemline Therapeutics, Inc.
Cascadian Therapeutics, Inc.	Idera Pharmaceuticals, Inc.	Strongbridge Biopharma plc
Cidara Therapeutics, Inc.	Immune Design Corp.	Sucampo Pharmaceuticals, Inc.
Codexis, Inc.	Kura Oncology, Inc.	Syndax Pharmaceuticals, Inc.
Conatus Pharmaceuticals Inc.	Peregrine Pharmaceuticals (now Avid Bioservices, Inc.)	Voyager Therapeutics, Inc.
Corium International, Inc.		

To effectively recruit, retain and motivate key employees, we believe our executive compensation must be competitive within the peer group in which we compete, while also aligned with the interest of our stockholders. The review conducted against similar positions in the peer group approved by our Compensation Committee indicated that actual total direct compensation levels for the NEOs were below the median. The information resulting from this market assessment was a factor in the Compensation Committee s recommendations for changes in executive compensation at the end of 2017, which were intended to adjust the compensation of the executive officers following the Merger to reflect the changes in responsibilities and transition to being executives of a publicly held company.

Private Savara Factors

In addition to the performance of the executives and the competitive landscape, when determining executive compensation levels in December 2016, the Private Savara board of directors considered the company s then-current position as a private company, as well as its financing position and need to conserve cash.

Executive Compensation Components

Base Salary

The purpose of the base salary component of our executive compensation program is to provide a level of income that allows us to attract and retain executive talent and mitigate pressure to focus on stock price performance to the detriment of other important aspects of our business by providing an element of income stability and security. The base salary represents fixed cash compensation recognizing individual performance, scope of responsibility, leadership skills and experience, and it compensates an executive for performing his or her job responsibilities on a day-to-day basis. The base salaries of our executive officers are initially established through arm s-length negotiation at the time of hire. Base salaries are then reviewed at least annually by the Compensation Committee and may be adjusted to realign with market levels after taking into account individual responsibilities, performance and experience. The Compensation Committee also evaluates an executive officer s base salary in the context of the executive s other compensation components to ensure that the executive s compensation package is in line with our overall compensation philosophy and objectives as discussed above.

In December 2016, the board of directors of Private Savara reviewed the base salaries of its executive officers for 2017. At that time, Private Savara was in negotiations with Mast regarding the Merger and considering various financing alternatives. When reviewing the base salaries, the Private Savara board of directors considered data from market surveys regarding the base salaries of executive officers in comparable positions at other life sciences companies as described above under Factors for Determining 2017 Compensation Competitive Assessment. Additional factors included, but were not limited to, company size, stage of development of a company s lead product candidate, and geographic location. The board of directors

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also considered the company s need to conserve cash, as well as the individual experience level and past performance of each executive officer in light of the company s needs and objectives, and whether the executive officer was expected to have increased responsibilities relative to the prior year.

In December 2016, the board of directors of Private Savara determined that base salaries for Mr. Neville and Dr. Jouhikainen should remain unchanged from their 2016 levels. Mr. Lowrance joined Private Savara in the fourth quarter of 2016 and his salary was therefore not considered in the review. The 2017 base salaries for the executive officers of Private Savara were as follows:

Executive Officer	2017 Salary ($)
Robert Neville	302,500
Taneli Jouhikainen	302,500
Dave Lowrance	302,500

In December 2017, our Compensation Committee, as reconstituted following the Merger, reconsidered the base salary levels of our named executive officers. The Compensation Committee considered the recommendations of Setren and reviewed data from the Radford Life Science Index and the compensation practices of a peer group of comparable companies. Their review considered, among other factors, that our levels of base salary reflected the prior private company compensation practices of Private Savara, which were established when Private Savara had limited cash resources prior to the Merger and subsequent public offerings and were not adjusted subsequent to the Merger to reflect the changes in responsibilities and transition to being executives of a publicly held company. Following its review and consideration of the Setren recommendations and Radford data, the Compensation Committee recommended increases in the base salaries of our named executive officers to the board of directors as set forth below, which the board of directors approved. The changes were effective as of December 16, 2017.

Executive Officer	Salary ($)
Robert Neville	525,000
Taneli Jouhikainen	525,000
Dave Lowrance	365,000

Annual Cash Incentives

Although we do not have a written bonus plan, the board of directors sets performance targets annually for each of the named executive officers, and the named executive officers receive bonuses at the end of each year based on achievement of those targets. These bonuses are designed to motivate our executive officers to achieve near-term goals and are intended to reward the attainment of annual corporate and individual goals that we believe will enhance the long-term value of our company.

In December 2016, the board of directors of Private Savara determined the target bonus amounts and the performance targets for 2017. The target amounts were 30% of base salary for each of the chief executive officer, chief operating officer and chief financial officer of Private Savara. The total bonus opportunity was based on the achievement of certain performance goals. For Mr. Neville, the board determined that the achievement of companywide goals established by the chief executive officer and the board of directors would represent 100% of the target bonus award. For each of Dr. Jouhikainen and Mr. Lowrance, the board determined that the achievement of companywide goals established by the chief executive officer and the board of directors would represent 75% of the target bonus award and 25% of the award would be determined at the discretion of the chief executive officer.

Due to the nature of the company s business, as well as the ongoing Merger negotiations and Private Savara s financing objectives at the time the companywide goals were established by the Private Savara board of directors, the companywide goals for 2017 were intended to focus the management team on advancing the company s product candidates and completing a substantial equity financing transaction. Specifically, the fiscal 2017 corporate performance goals for Private Savara were:

Complete a financing;

Enrollment of 51 patients in the Molgradex IMPALA study in the second quarter;

Enroll the first patient in the Phase 3 trial for AeroVanc in the third quarter;

Expand the IMPALA trial; and

Submission of an Investigational New Drug application, or IND, for PAP in the fourth quarter.

In July 2017, the Compensation Committee met to review year-to-date performance against the 2017 corporate goals. The Compensation Committee determined that three of the five goals set at the December 2016 meeting had had been met by that date. Specifically, the enrollment goal for the Molgradex IMPALA study, the financing goal, and the goal related to the expansion of the IMPALA trial had been accomplished. For that reason, the Compensation Committee determined that 60% of the amount of the bonus payable with respect to the achievement of the companywide performance targets should be paid to the executives, as well as an additional amount at the discretion of the Compensation Committee for the performance of the executives during the first half of the year. The aggregate amount of the mid-year bonus approved for each of Mr. Neville, Dr. Jouhikainen and Mr. Lowrance was $70,837.

In December 2017, the Compensation Committee met to review performance against the remaining 2017 corporate goals and to recommend bonus amounts to our board of directors. The Compensation Committee determined that both of the companywide performance targets had been met. With regard to the discretionary portion of the bonuses, for each of the applicable executive officers, it was determined that their individual performance merited receipt of the full discretionary portion of the bonus.

The Compensation Committee also considered whether additional bonus amounts should be paid in light of the transition of the executives to being executives of a public company and our overall performance in 2017. In making that consideration, the Compensation Committee considered market data and recommendations from Setren, which included data regarding market bonus amounts from the Radford Life Science Index and the compensation practices of a peer group of comparable companies. As with the review of the base salaries, this review concluded, that our bonus target amounts reflected the prior private company compensation practices of Private Savara and lagged those of our public company peers. In addition, the Compensation Committee considered our performance with regard to items that were not considered when the performance targets were set, including the consummation of the Merger, the completion of two follow-on public offerings, the expansion of Molgradex to include the treatment of nontuberculous mycobacterial, or NTM, lung infection, the uplisting of our common stock to the Nasdaq Global Select Market, the addition of our company to the Nasdaq Biotechnology Index and the receipt of a $5 million award from the Cystic Fibrosis Foundation. After reviewing the various factors, the Compensation Committee recommended the payment of additional bonus amounts to our executives.

The following table sets forth the total awards recommended by the Compensation Committee and approved by our board of directors in December 2017:

Executive Officer	**Title**	**Bonus ($)**
Rob Neville	Chief Executive Officer	296,662
Taneli Jouhikainen	President and Chief Operating Officer	296,662
Dave Lowrance	Chief Financial Officer	108,012

Long-Term Incentive Awards Stock Options

We believe that stock-based compensation, such as stock options, serves to further align the interests of our executive officers with those of our stockholders, reward long-term value-creation, and increase retention, and it is therefore a significant element of our executive compensation. We typically grant options to our employees, including executives, upon the commencement of their employment and make additional grants on an annual basis as part of the annual review of performance and compensation. Option awards typically vest on a quarterly basis over a four-year period following the grant date. All option awards typically have a 10-year term.

Because vesting occurs over multiple years and only if the employee continues to be employed with us at the time of vesting and because a stock option becomes valuable only if our stock price is greater at the time an option is exercised than it was at the time the option was granted, our board of directors believes these equity awards encourage our employees to remain with our company, promote a long-term perspective on corporate success, directly incentivize the NEOs to build long-term value, and align the interests of our employees, including the NEOs, with our stockholders. The multi-year vesting feature and 10-year term also foster employee retention.

In December 2016, the board of directors of Private Savara considered option grants to employees, including the executive officers, in connection with their annual performance and compensation review process. When determining the size of option awards to be granted, the board of directors considered, among other things, comparative industry data from market surveys, each executive officer s ownership in Private Savara, the number of shares available under the Private Savara equity plan, the desirable run rate, the company s performance, and each employee s individual role, responsibilities and performance.

In December 2017, our Compensation Committee and our board of directors considered option grants to our employees, including our NEOs, in connection with the annual performance and compensation review process. However, due to the limited number of shares available under our 2015 Omnibus Incentive Plan, the Compensation Committee and the board of directors determined it would not make option grants to our NEOs at that time.

Other Elements of Compensation

We maintain broad-based benefits that are provided to all regular, full-time employees (including the NEOs), including health, dental and vision insurance, health savings accounts with company contribution, disability insurance, paid time off, and a 401(k) plan with company match potential. We believe these benefits enable us to offer competitive compensation packages and support employee focus and productivity.

We did not provide any of the NEOs with perquisites in 2017 that exceeded $10,000 in the aggregate for any person.

Executive Employment Agreements

We believe that concerns about potential job loss or the possibility or occurrence of a change-in-control can create uncertainty for our named executive officers that may negatively affect their performance. In late 2016, the board of directors of Private Savara engaged Setren to provide data regarding severance and change of control arrangements among similarly situated companies in order for the board to determine what arrangements would be appropriate for the company to serve as a tool for retaining key talent consistent with market practices. Following the review, the Private Savara board of directors determined new employment agreements should be entered into with each of Robert Neville, Taneli Jouhikainen, and David Lowrance, and the employment agreements were entered into in March 2017. Those agreements remained in place with Savara following the Merger.

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The employment agreements with each of Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance provide for the severance benefits described below under Potential Payments upon Termination or Change in Control upon a qualifying termination of employment and the executive s compliance with certain post-termination obligations, including delivery of a general release of claims.

Results of Say on Pay Advisory Vote on Executive Compensation

Our stockholder advisory votes on executive compensation are held every three years. The most recent stockholder advisory vote occurred at the Mast 2016 annual meeting of stockholders, which was prior to the Merger. As discussed above, in connection with the Merger, the management team of Mast was replaced with the management team of Private Savara, and a majority of the board of directors of Mast was replaced with the directors of Private Savara. Additionally, the compensation of our current executive officers that was in place for nearly all of 2017 was determined by the board of directors of Private Savara. For those reasons, the 2016 stockholder advisory vote was not relevant to our compensation practices in 2017. However, the Compensation Committee intends to monitor the results of future advisory votes and will consider such results in making its executive compensation recommendations to our board of directors.

Mast 2017 Compensation Discussion and Analysis

Background

In determining executive compensation for 2017, the Mast compensation committee considered the results of the Phase 3 clinical study of vepoloxamer and the subsequent negotiation and execution of the Merger Agreement on January 6, 2017, taking into account that the Merger would result in a change in control of Mast. On January 17, 2017, the Mast compensation committee recommended and the Mast board of directors made the compensation-related decisions described below in furtherance of retaining, rewarding and incentivizing the remaining Mast executive officers continuing efforts to help the company achieve its goals through the closing of the Merger and to obtain agreement and clarity regarding the effect of the change in control on outstanding stock options held by the then-current employees and directors. The Mast board of directors determined in January 2017 that there would be no base salary increases for 2017 or awards under the Mast 2016 Executive Incentive Plan.

2017 Retention/Performance Bonus

To reward the Mast executive officers for their contributions in negotiating the Merger Agreement and incentivize them to continue employment through consummation of the Merger, the Mast compensation committee recommended and the board of directors approved a retention/performance bonus payable 50% in a single sum cash payment and 50% in a grant of restricted stock units (RSUs) for the employees then serving as executive officers, with payment of the cash award and vesting of the RSUs contingent upon consummation of the Merger on or before July 6, 2017, the executive officer s continued service with us until that event, and the executive officer s delivery of a general release of claims in the company s favor. The amounts of these awards are as set forth in the table below:

Named Executive Officer	Cash Award ($)	RSU Award (# of units)
Brian Culley	53,575	5,467
Brandi Roberts	27,300	2,786

Edwin Parsley	31,900	3,255
Shana Hood	24,500	2,500

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The RSUs were granted under our stockholder-approved 2015 Omnibus Incentive Plan. Each RSU represents a right to receive one share of our common stock. The number of RSUs granted to each executive officer is the quotient of the amount of the cash award for the executive officer divided by the closing sales price of our common stock on the date the Mast board approved these awards, which was $9.80 per share.

Restricted Stock Units Awards

To further incentivize the executive officers to continue efforts to help Mast achieve its goals through the Merger, as well as to reduce the fully-diluted share count and maximize the exchange ratio set forth in the Merger Agreement for the benefit of our stockholders, the Mast compensation committee determined it would be in the best interests of our company and stockholders to reach an agreement and understanding with the Mast executive officers that all of their outstanding and unexercised stock options would be cancelled immediately prior to, but contingent upon, the consummation of the Merger, without any accelerated vesting to which they otherwise may be entitled. Accordingly, upon recommendation of the Mast compensation committee, the Mast board of directors approved RSU awards to the individuals then serving as executive officers. In accordance with the notices of grant and agreements governing these awards, the RSUs were granted under our 2015 Omnibus Incentive Plan and vested in full if the executive officer was providing services to us on the date the Merger was consummated or immediately prior to such date. In addition, in accordance with the notices of grant and agreements governing the RSUs, all of the Mast executive officers outstanding and unexercised stock options were cancelled immediately prior to, but contingent upon, the consummation of the Merger and ceased to be exercisable as of such date without any accelerated vesting. The amounts of these RSU awards to the Mast executive officers are set forth in the table below:

Named Executive Officer	RSU Award (# of units)
Brian Culley	28,364
Brandi Roberts	9,927
Edwin Parsley	9,524
Shana Hood	3,979

Prohibition on Hedging the Economic Risk of Ownership in Our Securities

For a description of restrictions related to hedging, please see the section entitled   Prohibition on Hedging and Speculative Transactions Involving our Securities.

Compensation Risk Assessment

The Compensation Committee   s responsibilities include evaluating our executive compensation program to confirm that it does not incentivize excessive risk-taking. Our executive compensation program includes a mix of different types of compensation (base salary, annual performance-based cash bonuses, and long-term equity incentive awards), which provides balance between fixed and performance-based compensation and as to the timing of pay realization. We also believe that our compensation program encourages and rewards prudent business judgment and incentivizes executive officers to achieve near-term goals but not to the detriment of long-term value creation, which further aligns the interests of the executive officers with those of our stockholders. Based on its latest review, the Compensation Committee concluded that our executive compensation program does not create risks that are reasonably likely to have a material adverse impact on our company.

Conclusion

Attracting, retaining and motivating key employees is essential to creating stockholder value. We believe offering a competitive compensation program with the appropriate mix of base salary and performance-based compensation, including a substantial equity component, and providing for post-termination compensation in

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certain circumstances, helps us achieve our business objectives and aligns the interest of our executive officers with those of our stockholders. We believe that our 2017 executive compensation was appropriate in that regard.

Compensation Committee Interlocks and Insider Participation

During 2017, prior to the Merger, the Compensation Committee consisted of Dr. Dittrich, Mr. Greenleaf and Mr. Pauls, and after the Merger, the Compensation Committee consisted of Mr. Elam, Dr. McCracken and Mr. Pauls. No member of the Compensation Committee has ever been an officer or employee of ours. None of our executive officers currently serves, or served during 2017, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our board of directors or Compensation Committee.

Compensation Committee Report

The compensation committee of the board of directors of Savara Inc. has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement and, based on such review and discussions, has recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE

Nevan Elam

Joseph McCracken

Matthew Pauls

The material in the foregoing Compensation Committee Report is not soliciting material, shall not be deemed filed with the SEC, and shall not be incorporated by reference in any filing of Savara under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

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EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table sets forth compensation information for the NEOs for the years ended December 31, 2017, 2016 and 2015:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($) (1) (2)	Stock Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($)
Robert Neville (5)(6) Chief Executive Officer	2017	210,938	276,750			90,750	21,750(7)	600,188
Taneli Jouhikainen (6) Chief Operating Officer & President	2017	210,938	276,750			90,750	21,750(7)	600,188
Dave Lowrance (6) Chief Financial Officer & Secretary	2017	204,271	88,100			90,750	6,000	389,121
Brian M. Culley (8)	2017	128,580	53,575		350,493		1,049,589(9)	1,582,237
Former Chief Executive	2016	428,600		359,172			17,160	804,932
Officer	2015	419,175		1,286,155		171,862	17,490	1,894,682
Brandi L. Roberts	2017	100,800	27,300		131,709		353,303(10)	613,112
Former Chief Financial	2016	312,000		167,629			16,589	496,218
Officer & Senior Vice President	2015	300,000		494,418		73,800	17,310	885,528
Edwin Parsley	2017	100,959	31,900		132,397		475,329(11)	740,585
Former Chief Medical	2016	364,575		167,629			19,409	551,613
Office & Senior Vice President	2015	353,100		637,327		101,340	65,916	1,157,683
Shana Hood (12)	2017	88,846	24,500		67,126		301,757(13)	482,229
Former General Counsel, Vice President & Secretary	2016	280,000		119,714			16,512	416,226

(1) Amounts shown in this column do not reflect compensation actually received by the NEO. The amounts in this column represent the aggregate grant date fair value of option or stock awards, as applicable, granted to the NEO in the year indicated, calculated in accordance with the provisions of Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718, *Stock Compensation*, except that any estimate of forfeitures was disregarded. For a description of the assumptions used to calculate these amounts, see Note 16 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

(2) Pursuant to the terms of the RSUs described above under Compensation Discussion and Analysis Mast 2017 Compensation Discussion and Analysis, all of the outstanding stock options held by Mr. Culley, Ms. Roberts, Dr. Parsley and Ms. Hood were cancelled immediately prior to, and contingent upon, consummation of the

Merger.

(3) We paid the amounts set forth in this column pursuant to the terms of the Mast 2015 Executive Incentive Plan and the Private Savara plan described above under Compensation Discussion and Analysis Annual Cash Incentives, as applicable. No awards were made under the Mast 2016 Executive Incentive Plan.

(4) Unless otherwise noted, the amounts in this column consist of (a) employer 401(k) plan matching contributions, (b) premiums paid for life insurance policies for the benefit of the NEO (for the former Mast executives only), and (c) employer contributions to health savings accounts (for our current executives).

(5) Mr. Neville also served as a member of our board of directors, but he did not receive any additional compensation for such service.

(6) Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance were not NEO s prior to April 27, 2017. Accordingly, this table does not include pre-Merger 2017, 2016, and 2015 compensation information for Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance.

(7) Includes $18,000 in employer 401(k) plan matching contributions.

(8) Mr. Culley also served as a member of our board of directors until April 27, 2017, but he did not receive any additional compensation for such service.

(9) Includes $923,519 severance payment, $8,242 holiday pay, and $115,392 vacation pay for Mr. Culley.

(10) Includes $250,372 severance payment, $6,000 holiday pay, $62,400 vacation pay, and $32,293 in consulting fees for Ms. Roberts.

(11) Includes $297,823 severance payment, $8,413 holiday pay, $4,207 sick pay, $54,380 vacation pay and $107,292 in consulting fees for Dr. Parsley.

(12) Ms. Hood was not an NEO for the year ended December 31, 2015. Accordingly, this table does not include 2015 compensation information for Ms. Hood.

(13) Includes $234,391 severance payment, $6,462 holiday pay, and $58,692 vacation pay for Ms. Hood.

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Grants of Plan-Based Awards

The following table sets forth information regarding grants of plan-based awards to the NEOs for the year ended December 31, 2017:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards ($) (2)
		Threshold ($)	Target ($)	Maximum ($)		
Brian M. Culley	1/17/2017				33,831	350,493
Brandi L. Roberts	1/17/2017				12,713	131,709
Edwin L. Parsley	1/17/2017				12,779	132,397
Shana Hood	1/17/2017				6,479	67,126
Robert Neville			90,750(3)			
Taneli Jouhikainen			90,750(3)			
Dave Lowrance			90,750(3)			

(1) The annual incentive plan provides only for a target payment amount, and not a threshold or maximum amount.

(2) Amounts shown in this column do not reflect compensation actually received by the NEO. The amounts in this column represent the aggregate grant date fair value of option or stock awards, as applicable, granted to the NEO in the year indicated, calculated in accordance with the provisions of Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718, Stock Compensation, except that any estimate of forfeitures was disregarded. For a description of the assumptions used to calculate these amounts, see Note 16 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

(3) The amounts reported represent the performance-based incentive cash awards each NEO could earn pursuant to our executive bonus plan for the year ended December 31, 2017, as described above under Compensation Discussion and Analysis Annual Cash Incentives above. The actual amounts earned for the year ended December 31, 2017 are set forth in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table above.

Outstanding Equity Awards at Fiscal Year-End 2017

The following table sets forth information regarding outstanding equity awards held by the NEOs as of December 31, 2017.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise Price ($/sh)	Option Expiration Date

	(#) Exercisable (1)	(#) Unexercisable (1)		
Robert Neville	99,620		0.65	9/14/2022
	48,572(2)	16,190(2)	0.65	12/16/2024
	87,900(3)	87,900(3)	1.46	12/15/2025
	36,625(4)	109,875(4)	1.76	12/15/2026
Taneli Jouhikainen	52,740		0.65	12/14/2022
	87,900(3)	87,900(3)	1.46	12/15/2025
	36,625(4)	109,875(4)	1.76	12/15/2026
Dave Lowrance	31,894(5)	95,684(5)	1.51	10/25/2026

(1) The vesting schedules described for each option in this table are subject to the NEO s continued service to our company and to acceleration in connection with an involuntary termination in connection with a change of control, as described below under Potential Payments upon Termination or Change in Control Executive Employment Agreements.

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(2) This option vests and becomes exercisable in substantially equal quarterly installments over four years. Approximately 1/16th of the total underlying shares vested and became exercisable on March 16, 2015 and will vest and become exercisable on a calendar quarter basis thereafter.
(3) This option vests and becomes exercisable in substantially equal quarterly installments over four years. Approximately 1/16th of the total underlying shares vested and became exercisable on March 15, 2016 and will vest and become exercisable on a calendar quarter basis thereafter.
(4) This option vests and becomes exercisable in substantially equal quarterly installments over four years. Approximately 1/16th of the total underlying shares vested and became exercisable on March 15, 2017 and will vest and become exercisable on a calendar quarter basis thereafter.
(5) This option vests and becomes exercisable in substantially equal quarterly installments over four years. Approximately 1/16th of the total underlying shares vested and became exercisable on January 25, 2017 and will vest and become exercisable on a calendar quarter basis thereafter.

Option Exercises and Stock Vested in Fiscal Year 2017

During the year ended December 31, 2017, none of the NEOs exercised stock options. The following table provides information, on an aggregate basis, regarding stock awards that vested during 2017 for each of the NEOs:

	Stock Awards	
Name	**Number of shares acquired on vesting**	**Value realized on vesting ($)**
Robert Neville	8,159	61,357
Taneli Jouhikainen	20,270	182,887
Dave Lowrance		
Brian M. Culley	33,831	296,360
Brandi L. Roberts	12,713	111,366
Edwin L. Parsley	12,779	111,944
Shana Hood	6,479	56,756

Pension Benefits

We do not maintain any plan that provides for payments or other benefits at, following, or in connection with retirement, other than a 401(k) plan.

Nonqualified Deferred Compensation

We do not maintain any defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

Potential Payments upon Termination or Change in Control

Executive Employment Agreements

As discussed above under Compensation Discussion and Analysis, in March 2017, Private Savara entered into executive employment agreements with each of Robert Neville, Taneli Jouhikainen, and David Lowrance, which remained in place with Savara following the Merger. Those executive employment agreements require us to make specified payments and provide specified benefits related to their outstanding stock option awards in the event of a qualifying termination of employment, subject to the officer s compliance with the terms and conditions in the agreement.

The employment agreements with each of Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance provide that if we terminate Mr. Neville s, Dr. Jouhikainen s, or Mr. Lowrance s employment other than for cause (as defined

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in the agreements), death, or disability, or Mr. Neville, Dr. Jouhikainen, or Mr. Lowrance resigns from such employment for good reason (as defined in the agreements) and such termination occurs outside of the period beginning three months prior to, and ending 12 months following, a change of control (as defined in the agreements) (the change of control period), then, subject to the executive timely signing and not revoking a separation agreement and release of claims agreement, each of Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance would be entitled to receive:

- a lump sum payment equal to (i) six months of his then-current base salary plus (ii) a pro-rated portion of his target bonus based on the number of days he was employed by our company during the relevant performance period;
- reimbursements for payments the executive makes for continued healthcare coverage pursuant to COBRA until the earlier of (i) the date six months from the termination date or (ii) the date upon which he and/or his eligible dependents becomes covered under similar plans; and
- accelerated vesting as to the number of shares that would have otherwise vested pursuant to his equity awards had he remained employed by our company for 12 months following his termination date.

The executive employment agreements also provide that if we terminate Mr. Neville s, Dr. Jouhikainen s, or Mr. Lowrance s employment other than for cause, death, or disability, or Mr. Neville, Dr. Jouhikainen, or Mr. Lowrance resign from such employment for good reason and such termination occurs during the change of control period, then, subject to the executive timely signing and not revoking a separation agreement and release of claims agreement, each of Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance would be entitled to receive:

- a lump sum payment equal to (i) 12 months of his then-current base salary plus (ii) 100% of his target bonus;
- a taxable lump sum payment equal to the amount he would pay for continued healthcare coverage pursuant to COBRA for 12 months from the termination date; and
- accelerated vesting as to 100% of his equity awards.

Potential Payments Upon a Qualifying Termination of Employment

The following table sets forth quantitative estimates of the benefits that would have accrued to each of Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance pursuant to their respective employment agreements and our vacation policy if there had been a qualifying termination of his/her employment on December 31, 2017. In connection with the Merger on April 27, 2017, the employment of Mr. Culley, Ms. Roberts, Dr. Parsley and Ms. Hood was terminated, and consequently they are excluded from the table. See the table below under Potential Payments upon a Qualifying Termination of Employment due to Change in Control for the actual benefits they received in connection with their termination.

Name	Cash Severance Based on Salary and Bonus ($) (1)	Cost to Continue Health Insurance ($)	Value of Accelerated Equity Awards ($) (2)	Value of Accrued Vacation ($)	Total ($)
Robert Neville	262,500	9,356	1,296,843		1,568,699
Taneli Jouhikainen	262,500	9,185	1,067,106		1,338,791
Dave Lowrance	182,500	15,220	425,147	10,754	633,621

1) Calculated using the annual base salary in effect as of December 31, 2017. As described above under Potential Payments upon Termination or Change in Control, in the event of a qualifying termination each of Mr. Neville, Dr. Jouhikainen and Mr. Lowrance is entitled to a pro-rated portion of his target bonus based on the number of days he was employed by our company during the relevant performance period. As of December 31, 2017, the 2017 bonus amounts for each executive had been paid and the 2018 performance period had not yet begun, so the executives would not have been entitled to any severance amounts related to their target bonuses as of such date.
2) Calculated using the closing sale price of our common stock on December 29, 2017.

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Potential Payments upon a Qualifying Termination of Employment due to Change in Control

The following table sets forth quantitative estimates of the benefits that would have accrued to each of Mr. Neville, Dr. Jouhikainen, and Mr. Lowrance pursuant to their respective employment agreements and our vacation policy if there had been a change in control of our company and qualifying termination of the NEOs employment on December 31, 2017. In connection with the Merger on April 27, 2017, the employment of Mr. Culley, Ms. Roberts, Dr. Parsley and Ms. Hood was terminated, and consequently, the amounts in the table below reflect their actual benefits.

Name	Cash Severance Based on Salary and Bonus ($)	Cost to Continue Health Insurance ($)	Value of Accelerated Equity Awards ($) (1)	Value of Accrued Vacation ($)	Total ($)
Brian M. Culley (2)	923,519	45,436	296,359(3)	123,635	1,388,949
Brandi L. Roberts (4)	250,372	17,038	111,367(3)	6,000	384,777
Edwin L. Parsley (5)	297,823	17,038	111,944(3)	67,000	493,805
Shana Hood (6)	234,391	17,038	56,757(3)	65,154	373,340
Robert Neville	525,000(7)	18,719	2,843,003(8)		3,648,722
Taneli Jouhikainen	525,000(7)	18,370	2,613,267(8)		3,156,637
Dave Lowrance	365,000(7)	28,279	1,275,455(8)	10,754	1,679,488

1) Pursuant to the terms of the RSUs described above under Compensation Discussion and Analysis Mast 2017 Compensation Discussion and Analysis, all of the outstanding stock options held by Mr. Culley, Ms. Roberts, Dr. Parsley and Ms. Hood were cancelled immediately prior to, and contingent upon, consummation of the Merger.
2) Amounts represent actual payments remitted to Mr. Culley pursuant to the Separation Agreement and General Release of Claims entered into by and between Brian M. Culley and Mast Therapeutics, Inc. on April 13, 2017.
3) Calculated using the closing sale price of our common stock on April 28, 2017, the trading day immediately following the Merger consummation.
4) Amounts represent actual payments remitted to Ms. Roberts pursuant to the Separation Agreement and General Release of Claims entered into by and between Brandi L. Roberts and Mast Therapeutics, Inc. on April 13, 2017.
5) Amounts represent actual payments remitted to Dr. Parsley pursuant to the Separation Agreement and General Release of Claims entered into by and between Edwin L. Parsley and Mast Therapeutics, Inc. on April 13, 2017.
6) Amounts represent actual payments remitted to Ms. Hood pursuant to the Separation Agreement and General Release of Claims entered into by and between Shana Hood and Mast Therapeutics, Inc. on April 13, 2017.
7) Calculated using the annual base salary in effect as of December 31, 2017. As described above under Potential Payments upon Termination or Change in Control, in the event of a qualifying termination each of Mr. Neville, Dr. Jouhikainen and Mr. Lowrance is entitled to 100% of his target bonus. As of December 31, 2017, the 2017 bonus amounts for each executive had been paid and the 2018 performance period had not yet begun, so the executives would not have been entitled to any severance amounts related to their target bonuses as of such date. Calculated using insurance premiums in effect as of December 31, 2017.
8) Calculated using the closing sale price of our common stock on December 29, 2017.

As described above under the heading Mast 2017 Compensation Discussion and Analysis, each of Mr. Culley, Ms. Roberts and Ms. Hood also received a 2017 Retention/Performance Bonus payable upon the closing of the Merger and an RSU award that became fully vested upon the closing of the Merger. In accordance with the agreements governing the RSUs, all of the outstanding and unexercised options held by the NEOs were cancelled immediately prior to, and contingent upon, the consummation of the Merger.

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Pay Ratio Disclosure

As required by Item 402(u) of Regulation S-K, we are providing the following pay ratio information with respect to the year ended December 31, 2017.

The median of the annual total compensation of all employees of our company, except our CEO, for 2017 was $367,864, and the annual total compensation for our CEO, Mr. Neville, for 2017 was $701,021. As a result, our CEO s 2017 annual total compensation was approximately 1.91 times that of the median annual total compensation of all employees of our company.

We identified the median employee based on the total annual compensation, as determined using the Summary Compensation Table methodology set out in item 402(c)(2)(x) of regulation S-K, of all full-time and part-time employees as of December 31, 2017. In making the calculation, we used an annualized compensation amount for employees who were employed less than the full year. As described above under Compensation Discussion and Analysis Merger with Mast Therapeutics, as a result of the Merger, the executive officers of Mast, including the CEO, were replaced with the management of Private Savara in April 2017. In calculating the compensation of our CEO, we elected to annualize Mr. Neville s compensation.

	Median Employee ($)	**CEO ($)**
Salary	146,528	311,771
Bonus		276,750
Stock Awards	173,057	
Non-Equity Incentive Plan Compensation	42,082	90,750
All Other Compensation	6,197	21,750
Total Compensation	**367,864**	**701,021**

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DIRECTOR COMPENSATION

The following table shows compensation information for the individuals who served as non-employee directors during the year ended December 31, 2017. Mr. Neville and Mr. Culley did not receive any additional compensation for their service as directors.

Director Compensation for Fiscal Year 2017

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1) (2)	Option Awards ($) (1) (3)	Total ($)
Matthew Pauls (4)	55,157	6,739	13,125	75,021
Howard C. Dittrich (4) (5)	20,830	9,462		30,292
Peter Greenleaf (4) (5)	16,398	6,740		23,138
David A. Ramsay (4)	54,621	11,834	13,125	79,580
Joe McCracken	20,000		41,842	61,842
Nevan Elam	22,500		41,842	64,342
Rick Hawkins	21,250		41,842	63,092
Yuri Pikover	21,250		41,842	63,092

1) Amounts in this column do not reflect compensation actually received by the directors. The amounts in this column represent the aggregate grant date fair value of option awards granted to the directors in 2017, calculated in accordance with the provisions of FASB ASC Topic 718, *Stock Compensation*, except that any estimate of forfeitures was disregarded. For a description of the assumptions used to calculate these amounts, see Note 16 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.
2) As of December 31, 2007, none of our non-employee directors held unvested RSUs.
3) As of December 31, 2017, our non-employee directors had option awards outstanding to purchase the following number of shares of our common stock:

Name	Shares Underlying Outstanding Options
Matthew Pauls	3,750
David A. Ramsay	3,750
Joe McCracken	45,063
Nevan Elam	62,294
Rick Hawkins	59,950
Yuri Pikover	45,063

4) In accordance with the applicable notices of grant and agreements governing RSUs granted to the Mast directors in January 2017, the outstanding stock options held by the directors were cancelled immediately prior to, and contingent upon, consummation of the Merger.
5) Resigned from our board effective April 27, 2017 in connection with the Merger.

Overview of Non-Employee Director Compensation

With the assistance of the Compensation Committee, our board of directors periodically reviews and evaluates the director compensation policy and adopts changes designed to allow us to recruit and retain individuals with the requisite experience, skills and characteristics for membership on our board of directors.

As a result of the Merger, on April 27, 2017, two of the then-serving non-employee directors resigned, and the four non-employee directors of Private Savara were appointed to our board of directors.

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Prior to the Merger, Mast s policy with regard to non-employee director compensation was that non-employee directors received a combination of cash compensation in the form of a fixed retainer and equity compensation in the form of stock option awards. Additionally, Mast reimbursed directors for travel and other reasonable out-of-pocket expenses related to attendance at meetings of the board of directors and its committees. Non-employee directors did not receive meeting attendance fees, except in the case of service on *ad hoc* or special committees established by the board. Each non-employee director who served on an *ad hoc* or special committee was eligible to receive $1,000 for each meeting attended whether attendance was in person or by telephone, videoconference or other comparable communication device. During 2017, the strategic transactions committee established by the board of directors in 2016 that consisted of Howard Dittrich, Matthew Pauls, David Ramsay and Peter Greenleaf met three times.

The practice of Private Savara had been to compensate the non-employee directors for their service solely with annual equity awards and not cash payments. Private Savara also reimbursed directors for travel and other reasonable out-of-pocket expenses related to attendance at meetings of the board of directors and its committees.

Following the Merger, the two non-employee directors continuing from the Mast board of directors, Mr. Pauls and Mr. Ramsay (the Legacy Mast Directors), continued to receive payments substantially in accordance with Mast s director compensation policy. During 2017, those non-employee directors received a combination of cash compensation in the form of a fixed retainer and equity compensation in the form of stock option awards. The non-employee directors that joined our board of directors in connection with the Merger (the Legacy Savara Directors) did not receive compensation for board service until December 2017, which was in line with the practices of Private Savara. At that time, our Compensation Committee undertook an analysis similar to the one performed for the executive officers described above to evaluate the compensation of the non-employee directors. It was determined that the Legacy Savara Directors should receive a cash payment and an option award to bring their compensation in line with that of the other non-employee directors. In addition, the board of directors adopted a new non-employee director compensation plan to go into effect beginning in 2018.

Retainer

The following table reflects the amount of the cash retainer paid to each Legacy Mast Director under the Mast director compensation policy based on the director s role on the board and its committees. The amounts set forth in the following table are annualized amounts, which were paid in four equal installments on a quarterly basis.

2017 Cash Retainer

	Chairperson	Member
Board of Directors	$ 60,000	$ 35,000
Audit Committee	15,000	7,500
Compensation Committee	10,000	5,000
Nominating and Governance Committee	10,000	5,000

Additionally, as noted above, each Legacy Savara Director received a cash payment in December 2017.

Equity Compensation

Stock Option Awards

During 2017, each of our non-employee directors was granted an option to purchase 3,750 shares of our common stock. Each of the options will vest and become exercisable in six substantially equal monthly installments of 1/6th of the shares subject to the option at the end of each successive month following the date of grant, subject to the director s continuing services (as defined in the 2015 Omnibus Incentive Plan).

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Each stock option award granted pursuant to our director compensation policy will be granted under the 2015 Omnibus Incentive Plan, or any amendment or restatement thereof, will have an exercise price per share equal to the fair market value (as defined in the 2015 Omnibus Incentive Plan) of a share of our common stock on the date the option award is granted, and will have a term equal to the shorter of (i) ten years from the date the option award is granted (subject to a 30-day extension in certain limited circumstances) and (ii) three years from the date such non-employee director ceases to provide services (as defined in the 2015 Omnibus Incentive Plan) to us for any reason other than such director s death or disability. In addition, in the event of a change of control of our company, each option award will vest and become exercisable on the day prior to the date of the change in control if the director is then providing services (as defined in the 2015 Omnibus Incentive Plan), and each option award will terminate on the date of the change in control to the extent not exercised.

Restricted Stock Unit Awards

On January 17, 2017, to reduce our fully-diluted share count and maximize the exchange ratio set forth in the Merger Agreement for the benefit of our stockholders and reach an understanding and agreement with our directors that all of their outstanding and unexercised stock options would be cancelled upon consummation of the Merger, upon the recommendation of the compensation committee, our board of directors approved a grant of RSUs to each non-employee director under the 2015 Omnibus Incentive Plan in the amounts set forth in the table below. Each RSU represents a right to receive one share of our common stock. The RSUs vested in full if the director was providing services to our company on the date the Merger was consummated or immediately prior to such date. In addition, in accordance with the applicable notices of grant and agreements governing these RSUs, all of the outstanding and unexercised stock options held by the directors were cancelled immediately prior to, but contingent upon, the consummation of the Merger and ceased to be exercisable as of such date without any accelerated vesting.

Name	**RSU Awards (# of units)**
Matthew Pauls	650
Howard C. Dittrich	913
Peter Greenleaf	650
David A. Ramsay	1,142

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AUDIT COMMITTEE REPORT

Our management has the primary responsibility for our financial reporting process, accounting principles and internal controls as well as the preparation of our financial statements. Under its charter, the audit committee oversees our accounting and financial reporting process and audits of our financial statements on behalf of our board of directors. Each of the members of the audit committee meets the applicable independence standards and qualification requirements.

The audit committee appointed PricewaterhouseCoopers LLP, an independent registered public accounting firm, as our independent auditor for fiscal year 2017. As such, PricewaterhouseCoopers LLP was responsible for expressing an opinion on our annual financial statements based on an audit conducted in accordance with the standards established by the Public Company Accounting Oversight Board.

In this context and in connection with the audited financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, the audit committee:

- reviewed and discussed the audited financial statements as of and for the fiscal year ended December 31, 2017 with our management;

- discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board;

- reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence; and

- based on the foregoing reviews and discussions, recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on March 14, 2018.

AUDIT COMMITTEE

David A. Ramsay, Chair
Richard J. Hawkins
Yuri Pikover

The preceding Audit Committee Report shall not be deemed soliciting material or filed with the SEC, nor shall any information in this report be incorporated by reference into any past or future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent Sav