

## VANDA PHARMACEUTICALS INC.

### NOMINATING/CORPORATE GOVERNANCE COMMITTEE CHARTER

(as amended and restated by the Board of Directors on January 30, 2012)

#### **Purpose**

The purpose of the Nominating/Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Vanda Pharmaceuticals Inc. (the “Company”) shall be to (i) oversee the nomination of directors for service on the Board and its committees and other related matters, (ii) oversee the evaluation of the Board and (iii) review and consider developments in corporate governance practices and to recommend to the Board a set of effective corporate governance policies and procedures applicable to the Company.

The Committee shall propose a slate of directors for election by the stockholders of the Company at each annual meeting, recommend candidates to fill vacancies on the Board, make recommendations about the composition of the committees of the Board and make recommendations with respect to corporate governance matters.

The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

The Committee has been established to serve the interests of the Company and its stockholders to obtain highly qualified candidates with the personal integrity, knowledge, skills, expertise, diversity of experience, ability to make independent analytical inquiries, understanding of the Company’s business environment and willingness to devote adequate time and effort to serve as members of the Board.

#### **Organization and Composition**

This Charter governs the activities of the Committee.

The members of the Committee will be nominated by, will be appointed by, and will serve at the discretion of, the Board and will consist of at least two (2) members of the Board. Each member of the Committee will be an independent director in accordance with the rules promulgated by the Securities and Exchange Commission (“SEC”) and The Nasdaq Global Market (“Nasdaq”).

The members of the Committee shall be appointed annually by a majority vote of the entire Board. The Board shall designate one member of the Committee as the Committee’s Chairperson. The members shall serve until their resignation, retirement or removal by the Board and/or until their successors are appointed.

## **Duties and Powers**

In addition to performing such other duties as may be requested by the Board, the following will be the recurring duties and responsibilities of the Committee in carrying out its oversight functions. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable laws or stock exchange listing standards or by direction of the Board:

### *Board and Committee Nomination and Evaluation*

1. Developing membership qualifications and identifying and evaluating nominees for election to the Board and for appointment to its committees and Board committee chairs, in accordance with the requirements established by the SEC and Nasdaq and with the Board's criteria for selecting new directors set forth in the Company's Corporate Governance Guidelines as in effect from time to time (the "Guidelines").
2. Making recommendations to the Board concerning the nominees for election to the Board and for appointment to its committees and the selection of Board committee chairs.
3. Considering stockholder nominees for election to the Board pursuant to the Guidelines.
4. Conducting searches for potential Board members with the desired qualifications and expertise and discussing such search process and the results thereof with the Board.
5. Monitoring compliance with Board and Board committee membership criteria and developing and overseeing a Board performance evaluation process and evaluating at least annually the performance and effectiveness of the Board, including conducting surveys of director observations, suggestions and preferences, and discussing the results of such process with the Board.
6. Evaluating and, if deemed necessary, making recommendations on the removal of any Board member in accordance with the Code of Business Conduct and Ethics or the Guidelines, for cause or for other appropriate reason.
7. Evaluating the current size, composition and organization of the Board and its committees, determining future requirements and making recommendations to the Board for approval.
8. Overseeing and implementing, as necessary, director continuing education programs, including compliance with any applicable director continuing education requirements.

### *Corporate Governance*

1. Regularly reviewing issues and developments related to corporate governance and identifying and bringing to the attention of the Board current and emerging corporate

governance issues and developments that may affect the business operations, performance or public image of the Company.

2. Evaluating at least annually the performance by management, the Board and each Board committee of their duties and responsibilities relating to corporate governance under the Company's Code of Business Conduct and Ethics, the Guidelines and the rules of Nasdaq and the SEC.
3. Evaluating at least annually the adequacy of the Company's corporate governance structure, policies and procedures in light of (i) applicable regulatory requirements, (ii) issues and developments relating to corporate governance and (iii) the performance of management, the Board and each Board committee relating to corporate governance.
4. Generally advising the Board on corporate governance matters.
5. Reviewing and assessing the adequacy of the Company's Certificate of Incorporation, Bylaws, Regulation FD Corporate Communications Policy, Guidelines, Code of Ethics for Chief Executive Officer and Senior Financial Officers, Code of Ethics and Business Conduct, Social Media Policy, this Charter and the charters of any other committee of the Board periodically in order to ensure compliance with any principles of corporate governance developed by the Committee and recommending to the Board any necessary modifications to such documents.
6. Conducting a preliminary review of director independence, and making recommendations to the Board relating to such matters.
7. Reviewing the disclosures included in the Company's annual proxy statement regarding the Company's director nomination process and other corporate governance matters.

The Committee will provide reports to the Board regarding the Committee's nominations for election to the Board and its committees and regarding such other matters as the Committee may deem appropriate.

### **Resources and Authority**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities and personnel of the Company.

The Committee shall have the authority to engage outside legal, accounting or other advisors, as it determines necessary to carry out its duties. The Committee shall have sole authority to approve related fees and retention terms, and the Company shall provide the Committee with adequate funding to allow the Committee to perform its duties under this Charter.

The Committee's responsibilities are principally of an oversight nature. The Committee shall rely on the expertise and knowledge of management in carrying out its oversight responsibilities.

## **Meetings**

The Committee will establish its own schedule and will meet at least one (1) time each fiscal year. Any formal action taken by the Committee shall be taken (i) by the affirmative vote of a majority of the persons present (in person or by conference telephone) at a meeting at which a quorum is present or (ii) by unanimous written consent. A quorum shall consist of at least a majority of the members of the Committee. Any written consent will be filed with the minutes of the Board meetings.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any Committee meeting to provide such pertinent information as the Committee requests. The Committee may, at its discretion, meet in executive session with or without the presence of management.

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

## **Compensation**

Members of the Committee shall receive such compensation, if any, for their service as Committee members, as may be determined by the Board or a committee of the Board (other than the Committee). Such compensation may include retainers or per meeting fees and shall be paid in such form of consideration as is determined by the Board in accordance with the applicable rules of Nasdaq and the SEC.

## **Delegation of Authority**

The Committee may, to the extent permitted under applicable law, the Company's Certificate of Incorporation and Bylaws, and the rules of Nasdaq and the SEC, create a subcommittee of the Committee consisting of one or more directors on the Committee and may delegate any of its duties and responsibilities to such subcommittee, unless otherwise prohibited by applicable laws or stock exchange listing standards. The Committee may terminate any such subcommittee and revoke any such delegation at any time.