
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 12, 2012

VANDA PHARMACEUTICALS INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-34186
(Commission
File No.)

03-0491827
(IRS Employer
Identification No.)

**2200 Pennsylvania Avenue NW
Suite 300E
Washington, DC 20037**
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (202) 734-3400

Not Applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Effective September 12, 2012, the employment of John Feeney, M.D. as Chief Medical Officer of Vanda Pharmaceuticals Inc. (the "Company") terminated. Pursuant to Mr. Feeney's employment agreement and subject to his execution of a Separation and Release Agreement, he will receive the following severance benefits following his employment termination: (i) cash payment of his monthly base salary for 12 months (the "Continuation Period"); (ii) an amount equal to his annual target bonus at the rate in effect as of the termination of his employment; (iii) payment of his monthly COBRA premiums until the earliest of (a) the close of the Continuation Period, (b) the expiration of his continuation coverage under COBRA and (c) the date when Dr. Feeney is offered substantially equivalent health insurance coverage in connection with new employment or self-employment; and (iv) the vested portion of the shares of the Company's Common Stock subject to all options held by Dr. Feeney shall be determined by adding an additional three months to the actual period of service that he has completed with the Company, and such options shall be exercisable for six months following the termination of his employment.

SIGNATURES

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

VANDA PHARMACEUTICALS INC.

By: /s/ James Kelly

Name: James Kelly

Title: Chief Financial Officer

Dated: September 14, 2012