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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): December 6, 2011**

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**VANDA PHARMACEUTICALS INC.**

(Exact name of Registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation)

**001-34186**

(Commission File No.)

**03-0491827**

(IRS Employer Identification No.)

**9605 Medical Center Drive  
Suite 300**

**Rockville, Maryland 20850**

(Address of principal executive offices and zip code)

**Registrant's telephone number, including area code: (240) 599-4500**

**Not Applicable**

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

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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.**

On December 6, 2011, the Compensation Committee of the Board of Directors (the "Compensation Committee") of Vanda Pharmaceuticals Inc. (the "Company") awarded 2011 annual bonuses to and approved 2012 annual base salaries and 2012 bonus target amounts for the Company's employees, including each of its named executive officers. Prior to approving the foregoing, the Compensation Committee reviewed an analysis of the Company's executive compensation compared to the Company's peer group conducted by Towers Watson, a compensation consultant engaged by the Compensation Committee.

The Compensation Committee awarded bonuses for performance for the twelve-month period ended December 31, 2011, in the amounts set forth opposite the names of the executive officers listed below.

<u>Name</u>	<u>Position</u>	<u>2011 Bonus</u>
Mihael Polymeropoulos, M.D.	President and Chief Executive Officer	\$291,000
James Kelly	Senior Vice President, Chief Financial Officer	\$136,800
John Feeney, M.D.	Senior Vice President and Chief Medical Officer	\$130,200

The Compensation Committee approved 2012 annual base salaries and 2012 bonus target amounts for performance for the twelve-month period ended December 31, 2012, in the amounts set forth opposite the names of the executive officers listed below.

<u>Name</u>	<u>Position</u>	<u>2012 Base Salary</u>	<u>2012 Target Bonus</u>
Mihael Polymeropoulos, M.D.	President and Chief Executive Officer	\$ 500,000	\$250,000 (50% of 2012 Base Salary)
James Kelly	Senior Vice President, Chief Financial Officer	\$ 300,000	\$120,000 (40% of 2012 Base Salary)
John Feeney, M.D.	Senior Vice President and Chief Medical Officer	\$ 320,000	\$128,000 (40% of 2012 Base Salary)

In addition, the Compensation Committee granted (i) options to purchase shares of the Company's common stock at an exercise price equal to \$4.88 per share, the closing price of the Company's common stock on the Nasdaq Global Market on December 6, 2011, and (ii) restricted stock unit ("RSU") awards under the Company's 2006 Equity Incentive Plan to its executive officers in the amounts set forth opposite the names of the executive officers listed below. The options will vest in equal monthly installments over a period of four years from the date of the grant. The RSUs will vest in four equal annual installments beginning on January 1, 2013.

<u>Name</u>	<u>Position</u>	<u>Number of Shares Underlying Option Grant</u>	<u>Number of Shares Underlying RSU Award</u>
Mihael Polymeropoulos, M.D.	President and Chief Executive Officer	150,000	50,000
James Kelly	Senior Vice President, Chief Financial Officer	56,250	18,750
John Feeney, M.D.	Senior Vice President and Chief Medical Officer	56,250	18,750

**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: December 9, 2011