

OMB APPROVAL
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person: TANANBAUM JAMES B
2. Issuer Name and Ticker or Trading Symbol: Vanda Pharmaceuticals Inc. [VNDA]
3. Date of Earliest Transaction (Month/Day/Year): 04/18/2006
5. Relationship of Reporting Person(s) to Issuer: X Director 10% Owner
6. Individual or Joint/Group Filing (Check Applicable Line): X Form filed by One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

Table with 7 columns: 1. Title of Security (Instr. 3), 2. Transaction Date (Month/Day/Year), 2A. Deemed Execution Date, if any (Month/Day/Year), 3. Transaction Code (Instr. 8), 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5), 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4), 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4), 7. Nature of Indirect Beneficial Ownership (Instr. 4)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

Table with 11 columns: 1. Title of Derivative Security (Instr. 3), 2. Conversion or Exercise Price of Derivative Security, 3. Transaction Date (Month/Day/Year), 3A. Deemed Execution Date, if any (Month/Day/Year), 4. Transaction Code (Instr. 8), 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5), 6. Date Exercisable and Expiration Date (Month/Day/Year), 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4), 8. Price of Derivative Security (Instr. 5), 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4), 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4), 11. Nature of Indirect Beneficial Ownership (Instr. 4)

Explanation of Responses:

- 1. Reflects the automatic conversion of each share of Series B Preferred Stock into one share of Common Stock to occur upon the close of business of the day immediately preceding the closing of the issuer's initial public offering.
2. Reflects a 1-for-3.309755 reverse stock split to occur immediately following the effectiveness of the registration statement covering the issuer's initial public offering.
3. Immediately
4. Not Applicable
5. Shares are held of record by Prospect Venture Partners II, L.P. The reporting person serves as a managing member of Prospect Management Co. II, L.L.C., the general partner of Prospect Venture Partners II, L.P. The reporting person disclaims beneficial ownership of these securities and this report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.
6. Shares are held of record by Prospect Associates II, L.P. The reporting person serves as a managing member of Prospect Management Co. II, L.L.C., the general partner of Prospect Associates II, L.P. The reporting person disclaims beneficial ownership of these securities and this report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.

/s/ James B. Tananbaum, M.D. 04/18/2006

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.