
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): December 17, 2009

VANDA PHARMACEUTICALS INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-51863
(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)

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 1.01. Entry into a Material Definitive Agreement.

On December 22, 2009, Vanda Pharmaceutical Inc. (the “Company”) and American Stock Transfer & Trust Company, LLC, as Rights Agent, amended the Company’s Rights Agreement, dated as of dated as of September 25, 2008 (the “Rights Agreement”). The Rights Agreement governs the rights of the Company’s stockholders to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock (collectively, the “Series A Shares”) of the Company for each share of the Company’s common stock owned by the stockholders (each right to purchase one one-thousandth of a Series A Share, a “Right” and all such rights, collectively, the “Rights”). Pursuant to the Amendment to Rights Agreement (the “Amendment”), each Right may be exercised at a purchase price of \$66.00 per share (the “Purchase Price”), subject to adjustment as provided in the Rights Agreement. The Rights are not exercisable until the Distribution Date (as defined in the Rights Agreement).

Other than increasing the Purchase Price from \$6.00 to \$66.00, which restores the ratio of Purchase Price to market price to approximately the same ratio that existed when the Rights Agreement was first entered into, the Amendment did not modify any other material terms or conditions of the Rights Agreement. A copy of the Amendment is included as Exhibit 4.6 to this report and is incorporated herein by reference.

Item 3.03. Material Modification to Rights of Security Holders.

See the descriptions set forth under “Item 1.01. Entry into a Material Definitive Agreement” which is incorporated into this Item 3.03 by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 17, 2009, the Company awarded 2009 annual bonuses to its employees, including each of its executive officers. The bonus amounts were determined by the Compensation Committee of the Company’s Board of Directors (the “Committee”), after taking into consideration the Company’s achievements during the year, including the approval by the FDA of the Company’s drug, Fanapt™, for the acute treatment of adult patients with schizophrenia, and the execution of the Amended and Restated Sublicense Agreement with Novartis relating to the commercialization of Fanapt™ in the United States and Canada. Having considered these and other achievements, the Committee awarded: (i) a cash bonus in the amount of \$530,400 to Mihael Polymeropoulos, the Company’s Chief Executive Officer; (ii) a cash bonus in the amount of \$187,200 to William D. Clark, the Company’s Chief Business Officer; (iii) a cash bonus in the amount of \$162,000 to John Feeney, the Company’s Acting Chief Medical Officer; and (iv) a cash bonus in the amount of \$120,000 to Stephanie Irish, the Company’s Acting Chief Financial Officer.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
4.6	Amendment to Rights Agreement dated as of December 22, 2009, between Vanda Pharmaceuticals Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent.

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.

Date: December 22, 2009

VANDA PHARMACEUTICALS INC.

By: /s/ Stephanie R. Irish
Name: Stephanie R. Irish
Title: Acting Chief Financial Officer and Treasurer

**AMENDMENT
TO
RIGHTS AGREEMENT**

This Amendment to Rights Agreement (this "Amendment") between Vanda Pharmaceuticals Inc., a Delaware corporation (the "Company"), and American Stock Transfer & Trust Company, LLC, as Rights Agent (the "Rights Agent"), is effective this 22nd day of December, 2009.

WITNESSETH:

WHEREAS, on September 25, 2008 the Company and the Rights Agent entered into that certain Rights Agreement between the Company and the Rights Agent (the "Rights Agreement");

WHEREAS, the Company desires to amend the Rights Agreement pursuant to Section 27 thereof; and

WHEREAS, the Distribution Date (as defined in the Rights Agreement) has not yet occurred and the Company has met all requirements for amendment of the Rights Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1. Amendments.

(a) The first sentence of Section 7(b) of the Rights Agreement is deleted in its entirety and replaced with the following:

The Purchase Price shall be initially \$66.00 for each one one-thousandth of a share of Preferred Stock purchasable upon the exercise of a Right.

Section 2. Effect of this Amendment. It is the intent of the parties hereto that this Amendment constitutes an amendment of the Rights Agreement as contemplated by Section 27 thereof. This Amendment shall be deemed effective as of the date hereof upon execution and delivery by the Company as if executed by both parties hereto on such date. Except as expressly provided in this Amendment, the terms of the Rights Agreement remain in full force and effect. Unless the context clearly provides otherwise, any reference to this "Agreement" or the "Rights Agreement" shall be deemed to be a reference to the Rights Agreement as amended hereby.

Section 3. Counterparts. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 4. Governing Law. This Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts to be made and performed entirely within such state.

Section 5. Severability. If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, illegal or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 6. Descriptive Headings. The captions herein are included for convenience of reference only, do not constitute a part of this Amendment and shall be ignored in the construction and interpretation hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

VANDA PHARMACEUTICALS INC.

By: /s/ Mihael H. Polymeropoulos
Name: Mihael H. Polymeropoulos
Title: President/CEO

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

By: /s/ Herbert Lemmer
Name: Herbert Lemmer
Title: Vice-President