

VANDA PHARMACEUTICALS INC.

REGULATION FD CORPORATE COMMUNICATIONS POLICY

(as of December 14, 2017)

I. Statement of Policy

It is the policy of Vanda Pharmaceuticals Inc. (the “Company”) to provide consistent, full and fair public disclosure of material information pertaining to its business, regardless of the nature of such information, in accordance with the requirements of the Securities and Exchange Commission (the “SEC”), the Financial Industry Regulatory Authority and applicable law, most notably Regulation FD promulgated by the SEC under the Securities Exchange Act of 1934, as amended, as summarized in Exhibit A hereto. The Company has adopted this corporate communications policy (this “Policy”) in an effort to minimize the potential for the selective disclosure of material nonpublic information and to comply with Regulation FD. This Policy applies to all communications by the Company and its officers, directors and employees with the media, market professionals and institutional investors. Failure by employees to comply with this Policy will result in discipline and may result in termination. This policy is in addition to the Company’s Policy Memorandum Concerning Securities Trading.

II. Principles

The Company believes that proper disclosure controls and procedures involve the following key components:

- *Environment.* The establishment of a proper corporate environment is essential. Proper disclosure depends on (1) the integrity, ethical values and competence of the Company’s employees, (2) management’s philosophy and operating style, (3) the way management assigns authority and responsibility and organizes and develops its employees, and (4) the attention and direction provided by the Board of Directors.
- *Risk Management.* The identification, analysis and control of risks relevant to accurate and timely disclosure.
- *Information and Communication.* The timely transmission of information and communications within the organization.
- *Monitoring.* The assessment of the quality of the Company’s disclosure system over time through periodic monitoring and separate evaluations, including through regular management supervision, with reports of deficiencies upstream and downstream.

III. Details of Policy

A. Press Releases

All press releases must be reviewed and approved by the Company's CEO or CFO, or by another member of the Company's Disclosure Committee (whose members shall be selected from the Company's management by the Board from time to time) and legal counsel, if necessary. Upon approval, the Company will notify Nasdaq of its intention to distribute the press release. The press release will be distributed to a news wire service, which will then make it available to the general public. After a press release has been made available to the general public, it will be posted on the Company's website promptly, and, if necessary, a Form 8-K will be filed with respect to the matters disclosed in the press release. Please see paragraph H below for a more complete description of the Company's policy regarding the dissemination of material non-public information. The Company's CEO and CFO will designate the appropriate person to implement the transmission of the press release through the appropriate communication channels.

B. Spokespeople

It is the Company's intent to limit the number of spokespeople authorized to speak on the Company's behalf. Accordingly, the Company has authorized only the following representatives to communicate with members of the media, institutional investors, analysts or other market professionals regarding the Company's financial performance or corporate activities (the "Spokespeople"):

- CEO - Mihales H. Polymeropoulos, M.D.
- CFO - James P. Kelly

Additional representatives may be authorized by the CEO or the CFO to respond to specific inquiries as necessary or appropriate.

The Spokespeople shall be integrally involved in scheduling and developing presentations for all meetings and other communications with financial analysts, institutional investors and stockholders. In addition, the Spokespeople shall also be involved in arranging appropriate meetings or interviews with the Company's management. After public dissemination of any material non-public information, all coverage of the Company's disclosure shall be monitored by the Spokespeople to ensure accurate reporting and to take corrective measures if and when necessary.

Employees who are not Spokespeople shall refer all calls and e-mail messages from outside parties, including without limitation analysts, other market professionals, institutional investors, stockholders and business and industry media, to the Spokespeople.

C. Responding to Market Rumors

As long as representatives of the Company are not the source of market rumors, the Company's general policy is to respond consistently to questions about rumors in the following manner: "It is our policy not to comment about market rumors or speculation." In addition, it is the Company's policy not to issue news releases that deny or confirm market rumors unless it has been determined that the Company or one of its representatives is the source of such market rumors.

D. Forward-looking Information

The Company may make forward-looking statements in relation to its earnings, business and performance outlook. The Company's policy is to provide investors with forward-looking information and guidance in conformity with the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995, as amended (the "PSLRA").

All public disclosures by the Company in the form of news releases, conference calls and investor presentations shall be accompanied by a "safe harbor" discussion that reviews or refers to specific risk factors that could cause actual results to differ materially from those projected in the statement (see further discussion below).

E. Website Policy

The Company maintains its own corporate website, while outsourcing certain content, on which it offers updated, timely information for investors, including news releases, SEC filings, annual reports and other relevant data. All information posted on the Company's website or on any social media account maintained by the Company must be reviewed and approved by the Company's CEO or CFO, or by another member of the Company's Disclosure Committee, prior to posting. Any written materials shall include a hotlink to or include appropriate cautionary disclosures in order to take advantage of the safe harbor under the PSLRA. No material, non-public information shall be posted on the Company's website or on any social media account maintained by the Company unless it has previously or simultaneously been disseminated via other methods reasonably designed to ensure broad, non-exclusionary distribution of the information.

F. Electronic Platforms

Company employees are prohibited from posting any information about the Company, its business or future performance on the Internet, in chat rooms, on social media sites (including, without limitation, Facebook, Instagram or LinkedIn) or on bulletin boards. Any such posting, even though well-intentioned, may be damaging to the Company and its interests. This policy will be strictly enforced.

G. Investor Inquiries

The Company's policy is to respond to all routine requests for corporate information. An investor kit, including a prospectus or an annual report, recent news releases, and marketing material will be sent within one week of a request for such information. Any request for material, non-public information will be denied. Also, it is the Company's policy not to distribute any analyst reports. Telephone inquiries about the Company will be returned by one of the Spokespeople within a reasonable period of time, subject to the other provisions of this Policy.

H. Conference Calls, Analyst Meetings and Media Interviews - Statement of Policy

When the Company discloses material non-public information to market professionals and institutional investors, its policy shall be to transparently and simultaneously disclose the information to the public.

1. Public disclosure may be made by:
 - a. issuing a widely disseminated (via AP, PR Newswire and Reuters) press release,
 - b. a publicly accessible conference call or webcast, for which there has been advance public notice, or
 - c. filing of an SEC disclosure document most, typically a Form 8-K. (Note, if an 8-K is used solely to satisfy Regulation FD, the information may be "furnished" instead of "filed.")
2. Except for routine information requests or with the prior approval of the CEO or CFO, no one other than one of the Spokespeople shall speak with members of the media, analysts, other market professionals or institutional investors. "Routine information requests" are inquiries from stockholders or others that can be responded to by referring the caller to already-public information, such as the Company's SEC filings, press releases or information posted on the Company's website. The Company recognizes that it may be desirable from time to time for executives other than those listed above to speak with analysts or institutional investors after obtaining the prior approval of either the CEO or the CFO.
3. If the Company learns that it or one of the designated Spokespeople has made a non-intentional selective disclosure of material non-public information, it must make prompt (within 24 hours) public disclosure of that information. If there is an intervening weekend or holiday, the disclosure shall be made before the open of market on the next trading day.
4. The Company shall allow the public to listen via telephone or webcast to quarterly analyst conference calls and to additional open analyst conference calls where it may disclose material non-public information. Only professionals will be invited to ask questions. Any guidance or "color" typically given to sell side analysts that constitutes material non-public information will

be given in this public forum. Any such guidance will be preceded by a disclaimer substantially in the form of Exhibit B.

5. Before a scheduled analyst conference call, the Company shall issue a press release which provides (a) the date and time of the scheduled call, (b) the specific information needed for a member of the public to dial in or access the call over the Internet and (c) that the Company plans to provide guidance. If situations arise requiring interim conference calls or other public disclosure, notice will be provided as soon as possible. A sample press release is attached hereto as Exhibit C.

6. No member of Company management other than one of the Spokespeople will take impromptu phone calls from analysts, other market professionals, institutional investors or members of the media. Instead, all such calls will be referred to one of the Spokespeople. No one will provide material non-public information to such callers.

7. All of the Spokespeople are responsible for keeping current on what has and has not been publicly disclosed by the Company. This means, at a minimum, regularly reviewing the Company's website, all social media accounts maintained by the Company, all SEC filings and press releases and participating in or later listening to a recording of all public conference calls.

8. All of the Spokespeople shall be familiar with the Guidelines for Materiality attached hereto as Exhibit D. Each of the Spokespeople should seek legal counsel whenever in doubt about whether information is material. Decisions about materiality should, wherever possible, be made prior to the occasion on which the discussion is to take place to avoid the need to make materiality judgments "on the fly."

9. For any scheduled, non-routine communications involving a significant announcement (e.g., an earnings release, a major acquisition, a new product launch, a major expansion of the Company's business or an important analysts conference), Company management planning to participate in the communication shall generally prepare an outline, slides or script of the discussion that shall be used as the basis of the communication. The outline, slides or script shall be approved in advance by the CFO or CEO. A copy of the outline will be maintained by the Company for a period of one year following the communication. At the beginning of the communication, one of the Spokespeople shall provide an oral safe harbor disclaimer in the form provided on Exhibit E.

10. Whenever one of the Spokespeople has a doubt concerning whether a disclosure made by him or her was in fact material or non-public, he or she will promptly consult with legal counsel and the Company's Disclosure Committee in order to permit, if necessary, a corrective public disclosure to be made within 24 hours.

11. The Company will not review analyst notes prior to publication, except as to matters of historical accuracy which can be verified by reference to already-public information, such as the Company's SEC filings, press releases or information posted on the Company's website.

12. Exceptions to the rules governing communications with investors and analysts may apply to communications (a) with investment bankers and underwriters in connection with registered offerings or merger and acquisition transactions or (b) where confidentiality arrangements are in place in other contexts (e.g., a private placement). Management should consult with legal counsel on a case-by-case basis to determine the applicability and scope of such exemptions.

13. Any communications with investors and analysts should generally be in the form of (a) SEC filings, (b) formal press releases, (c) conference calls open to the public, (d) formal presentations previously published on the Company's website or (e) meetings with analysts or investors that comply with Regulation FD. Specifically, the topics discussed at such meetings will not include material information unless such information has been previously or simultaneously disclosed to the public.

14. The Company will not (a) disclose its internal financial projections to analysts or investors, (b) reaffirm previously disclosed internal financial projections, if any, to analysts or investors after the first calendar month of each quarter or (c) state that it is or is not "comfortable" with analyst's earnings estimates, in each case unless it has previously or simultaneously disseminated such information publicly.

15. The Company will only publicly disclose material information that includes non-GAAP financial measures in compliance with Regulation G and Item 10(e) of Regulation S-K, as applicable.

EXHIBIT A

SUMMARY OF REGULATION FD

I. APPLICATION OF REGULATION FD.

Regulation FD applies to disclosures of material nonpublic information to the following categories of persons:

1. Broker-dealers and their associated persons, such as analysts;
2. Investment advisers, institutional investment managers and their associated persons;
3. Investment companies, hedge funds, and affiliated persons; and
4. Any holder of the Company's securities if it is reasonably foreseeable that the holder will purchase or sell the Company's securities on the basis of the information.

II. COMMUNICATIONS EXEMPTED FROM REGULATION FD.

The following types of communications are specifically exempted from the disclosure requirements of Regulation FD:

1. Communications made to a person who owes the Company a duty of trust or confidence, such as an attorney or accountant;
2. Communications made to any person who expressly agrees to maintain the information in confidence (such express agreement may be given after the disclosure of material nonpublic information, but must be before the recipient discloses or trades on the basis of it);
3. Disclosures to a credit rating entity, provided that the disclosure is made solely for the purpose of developing a credit rating and the ratings are publicly available; and
4. Communications made in connection with most registered securities offerings.

III. DISCLOSURE OF MATERIAL NONPUBLIC INFORMATION.

Regulation FD requires that whenever the Company or a person acting on its behalf discloses material nonpublic information to securities market professionals or holders of the Company's securities who may well trade on the basis of the information, the Company must make public disclosure of that same information as follows:

1. If the Company or any person acting on the Company's behalf intentionally discloses material nonpublic information, the Company must make public disclosure of such information simultaneously.

2. If the Company or any person acting on the Company's behalf unintentionally discloses material nonpublic information, the Company must make public disclosure of such information as soon as reasonably practicable (but in no event after the later of 24 hours or the commencement of the next day's trading on the Nasdaq) after discovery of the disclosure. Discovery happens when a director, executive officer, investor relations or public relations officer learns that the Company or any person acting on the Company's behalf disclosed information that such director, executive officer, investor relations or public relations officer knows, or is reckless in not knowing, is both material and nonpublic.

IV. DEFINITIONS

A. Intentional Disclosure. A selective disclosure of material nonpublic information is "intentional" when the person making the disclosure either knows, or is reckless in not knowing, that the information he or she is communicating is both material and non-public.

B. Material Information. Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or if a reasonable investor would view it as altering the total mix of information available. In short, material information includes any information that could reasonably affect the price of the Company's stock. See Exhibit D for a summary of items considered in determining if information is material.

C. Nonpublic Information. Information is "nonpublic" if it has not been disclosed to the general public by means of a press release, SEC filing or other media for broad public access. Disclosure to even a large group of analysts does not constitute disclosure to the public.

D. Person Acting on the Company's Behalf. A "person acting on the Company's behalf" is a senior official or any other officer, employee, or agent of the Company who regularly communicates with market professionals or with the Company's stockholders. A senior official is defined as any director, executive officer, investor relations or public relations officer, or other person with similar functions.

EXHIBIT B

DISCLAIMER TO ACCOMPANY GUIDANCE

Option 1

In a moment we will be providing you with a discussion of some of the factors that we currently anticipate may influence our results going forward. Before doing so, I want to emphasize that our discussion is based in part on projections, that any projection involves judgment and that individual judgments may vary. Our projections are based on information available to us now, which will likely change over time. Actual results may differ substantially from our projections and no one should assume that any projections we provide today will remain valid at any later date. Moreover, we are not undertaking any obligation to provide updates in the future. Specific factors that could change, causing our projections not to be achieved, include, but are not limited to, [list factors]. Further information about these factors can be found in our most recent filings with the SEC, including the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our most recent Form 10-Q/10-K filed on _____.

Option 2

Moreover, the projections and forward-looking statements we discuss during this conference call are based upon the information we currently have available. This information will likely change over time. By discussing our current perception of our market and the future performance of the Company and our products with you today, we are not undertaking an obligation to provide updates in the future. Actual results may differ substantially from what we discuss today and no one should assume that our current projections will remain valid at any later date.

EXHIBIT C

SAMPLE PRESS RELEASE ANNOUNCING CONFERENCE CALL

[Vanda Pharmaceuticals Inc.] to Release - [QUARTER E.G. THIRD] Quarter Earnings On DATE

[Vanda Pharmaceuticals Inc.] (Nasdaq: VNDA - news), today announced the Company will release its financial results for the third quarter, 200__, after the NASDAQ market closes on [DAY OF WEEK, DATE].

The Company will conduct a conference call at [2:00 p.m. PDT], which is open to the public. The conference call dial-in number is [PHONE NUMBER], and the passcode number is [PASS CODE]. The conference call will also be available by webcast on the Company's website, www.[_____] .com.

For those unable to listen in at the designated time, a conference call replay will be available for 24 hours following the conference call, from approximately [3:30 p.m. PDT] on [DATE] to [3:30 p.m. PDT] on [DATE]. The conference call replay can be heard by dialing [PHONE NUMBER] then entering passcode number [NUMBER]. The webcast will also remain available for replay over website until [DATE].

About [Vanda Pharmaceuticals Inc. . . (usual language to be included)].

EXHIBIT D

GUIDELINES FOR MATERIALITY

Information is material according to the SEC if “there is substantial likelihood that a reasonable shareholder would consider it important” in making an investment decision.

The SEC identifies certain types of information which it considers “more likely to be considered material” These may include, among other things:

- quarterly or annual earnings results;
- mergers, acquisitions, tender offers, joint ventures, divestitures or other changes in assets;
- dividends;
- stock splits;
- management changes or changes in control public or private sale of additional securities;
- major litigation;
- significant labor disputes;
- major plant closings;
- establishment of a program to buy the Company’s own shares;
- new products or discoveries, or developments regarding customers or suppliers;
- change in auditors or disagreements with auditors; and
- deterioration in the Company’s credit status.

In addition, communications to and from the U.S. Food and Drug Administration and other U.S. and foreign regulatory agencies, the negotiation or execution of licensing transactions and commercialization or co-promotion agreements, and the Company’s or any of its partners’ clinical development plans and trial results, may be considered material.

The SEC warns “when an issuer official engages in a private discussion with an analyst who is seeking guidance about earnings estimates, he or she takes on a high degree of risk under Regulation FD. If the issuer official communicates selectively to the analyst nonpublic information that the company’s anticipated earnings will be higher than, lower than, or even the same as what analysts have been forecasting, the issuer likely will have violated Regulation FD.” The SEC cautions that “[t]his is true whether the information about earnings is communicated expressly or through indirect ‘guidance,’ the meaning of which is apparent though implied.”

On the other hand, the SEC acknowledges that what may be immaterial to a reasonable investor may help an analyst reach a material conclusion. Therefore, a company “is not prohibited from disclosing a non-material piece of information to an analyst, even if,

unbeknownst to the issuer, that piece helps the analyst complete a 'mosaic' of information that, taken together, is material.

EXHIBIT E

ORAL SAFE HARBOR DISCLAIMER LANGUAGE

During the course of this conference call [presentation, etc.], we may make forward-looking statements regarding future events or the future performance of the Company. Actual events or results could, of course, differ materially. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Form 10-K and Form 10-Q filed on _____. [During an immediate post offering period, you can also refer to the Registration Statement.] These documents contain and identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.

[Note: use the written safe harbor for statements in writing or those that will be transcribed and available in written form.]