

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

VANDA PHARMACEUTICALS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:

The following is the text of an employee communication issued by Vanda Pharmaceuticals Inc. on February 23, 2009.

Hello All:

As you know, we remain optimistic about our company's prospects. We have been working with the FDA over the past few months regarding our NDA for iloperidone. The FDA has accepted our complete response for review and has set a target action date of May 6, 2009.

As you may have seen, a group led by a fund called Tang Capital Partners recently disclosed its desire to nominate two directors to stand for election at Vanda's 2009 Annual Meeting of Stockholders and submit proposals at the 2009 Annual Meeting to amend Vanda's bylaws and request that the board of directors of Vanda take action to liquidate the Company. We value our stockholders and welcome suggestions from all of them, including Tang Capital. We carefully reviewed Tang Capital's submission and determined, however, that at this time we will oppose its proposals.

We are not alone in dealing with stockholder activism. Stockholder proposals are submitted every year to public companies on a variety of topics, including director nominations. Well known companies like Yahoo!, Six Flags, Blockbuster, Motorola, Time Warner and CNET have recently been involved in similar situations.

I would like to remind you about our procedure for responding to outside inquiries from the media or investors. If you receive any media inquiries, please pass them to Stephanie Irish. If you receive any investor/analyst inquiries, please pass them on to Stephanie Irish as well.

This will play out over the weeks and months to come, and I will be as transparent with you as possible. While this may be a distraction, I do not anticipate any interruption in our day-to-day business as a result of Tang Capital's proposal. I encourage you all to push forward and focus on delivering on a year in which we can all be proud of.

On behalf of our board and senior management team, thank you for your hard work and dedication.

Best,

Mihael H. Polymeropoulos, M.D.

IMPORTANT INFORMATION/SOLICITATION PARTICIPANTS LEGEND

Vanda Pharmaceuticals and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Vanda Pharmaceuticals in connection with the upcoming annual meeting of stockholders. Stockholders may obtain information regarding the names, affiliations and interests of such individuals in Vanda Pharmaceuticals' proxy statement filed with the Securities and Exchange Commission (the "SEC") on April 2, 2008, for the 2008 annual meeting. To the extent holdings of Vanda Pharmaceuticals' securities have changed since the information set forth in that proxy statement, such changes have been reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Updated information regarding the names, affiliations and interests of these directors and executive officers in connection with the matters to be voted on at the annual meeting will be included in the proxy statement filed by Vanda Pharmaceuticals in connection with the annual meeting. In addition, Vanda Pharmaceuticals files annual, quarterly and special reports, proxy and information statements, and other information with the SEC. These documents are available free of charge at the SEC's web site at www.sec.gov or from Vanda Pharmaceuticals at www.vandapharma.com. **STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT CAREFULLY WHEN IT IS AVAILABLE, AS IT WILL CONTAIN IMPORTANT INFORMATION THAT STOCKHOLDERS SHOULD CONSIDER BEFORE MAKING ANY VOTING OR INVESTMENT DECISION.**