

Vanda Pharmaceuticals Inc.
Form 3
April 12, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB
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2005
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting
Person *

Â PROSPECT
MANAGEMENT CO II LLC

(Last) (First) (Middle)

435 TASSO STREET,Â SUITE
200

(Street)

PALO ALTO,Â CAÂ 94301

(City) (State) (Zip)

2. Date of Event Requiring
Statement

(Month/Day/Year)
04/12/2006

3. Issuer Name **and** Ticker or Trading Symbol
Vanda Pharmaceuticals Inc. [VNDA]

4. Relationship of Reporting
Person(s) to Issuer

(Check all applicable)

____ Director ____X__ 10% Owner
____ Officer ____ Other
(give title below) (specify below)

5. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group
Filing(Check Applicable Line)
____ Form filed by One Reporting
Person
X Form filed by More than One
Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security
(Instr. 4)

2. Amount of Securities
Beneficially Owned
(Instr. 4)

3. Ownership
Form:
Direct (D)
or Indirect
(I)
(Instr. 5)

4. Nature of Indirect Beneficial
Ownership
(Instr. 5)

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

SEC 1473 (7-02)

**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 control number.**

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

1. Title of Derivative Security
(Instr. 4)

2. Date Exercisable and
Expiration Date
(Month/Day/Year)

3. Title and Amount of
Securities Underlying
Derivative Security
(Instr. 4)

Date Expiration Title Amount or
Exercisable Date Number of

4. Conversion
or Exercise
Price of
Derivative
Security

5. Ownership
Form of
Derivative
Security:
Direct (D)

6. Nature of Indirect
Beneficial Ownership
(Instr. 5)

				Shares		or Indirect (I) (Instr. 5)	
Series B Preferred Stock	Â (1)	Â (2)	Common Stock	2,366,655 (6)	\$ (3)	I	See Footnote (4)
Series B Preferred Stock	Â (1)	Â (2)	Common Stock	36,040 (6)	\$ (3)	I	See Footnote (5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PROSPECT MANAGEMENT CO II LLC 435 TASSO STREET SUITE 200 PALO ALTO, CA 94301	Â	Â X	Â	Â
PROSPECT VENTURE PARTNERS II LP 435 TASSO STREET SUITE 200 PALO ALTO, CA 94301	Â	Â X	Â	Â
PROSPECT ASSOCIATES II L P 435 TASSO STREET SUITE 200 PALO ALTO, CA 94301	Â	Â X	Â	Â
SCHNELL DAVID 435 TASSO STREET SUITE 200 PALO ALTO, CA 94301	Â	Â X	Â	Â
BARKAS ALEXANDER E 435 TASSO STREET SUITE 200 PALO ALTO, CA 94301	Â	Â X	Â	Â
HIRSCH RUSSELL C 435 TASSO STREET SUITE 200 PALO ALTO, CA 94301	Â	Â X	Â	Â

Signatures

/s/ James B. Tananbaum, M.D., Authorized
Signatory

04/12/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(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).

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- (1) Immediately.
- (2) Not applicable.
- (3) 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.

The reportable securities are owned directly by Prospect Venture Partners II, L.P. Prospect Management Co. II, L.L.C. is the general partner of Prospect Venture Partners II, L.P. Prospect Management Co. II, L.L.C. disclaims beneficial ownership of these securities and this report shall not be deemed an admission that Prospect Management Co. II, L.L.C. is the beneficial owner of such securities for
- (4) purposes of Section 16 or for any other purpose, except to the extent of its pecuniary interest therein. David Schnell, M.D., Alex Barkas, Ph.D., and Russell Hirsch, M.D. are managing members of Prospect Management Co. II, L.L.C. Each of Dr. Schnell, Dr. Barkas, and Dr. Hirsch disclaims beneficial ownership of these securities and this report shall not be deemed an admission that any of them is the beneficial owner of such securities for purposes of Section 16 except to the extent of his pecuniary interest therein.

The reportable securities are owned directly by Prospect Associates II, L.P. Prospect Management Co. II, L.L.C. is the general partner of Prospect Associates II, L.P. Prospect Management Co. II, L.L.C. disclaims beneficial ownership of these securities and this report shall not be deemed an admission that Prospect Management Co. II, L.L.C. is the beneficial owner of such securities for purposes of Section 16
- (5) or for any other purpose, except to the extent of its pecuniary interest therein. David Schnell, M.D., Alex Barkas, Ph.D., and Russell Hirsch, M.D. are managing members of Prospect Management Co. II, L.L.C. Each of Dr. Schnell, Dr. Barkas, and Dr. Hirsch disclaims beneficial ownership of these securities and this report shall not be deemed an admission that any of them is the beneficial owner of such securities for purposes of Section 16 except to the extent of his pecuniary interest therein.
- (6) 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.

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

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