

Vanda Pharmaceuticals Inc.  
Form 4  
April 18, 2006

**FORM 4**

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

OMB APPROVAL

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

**STATEMENT OF CHANGES IN 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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**KARABELAS ARGERIS N**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**47 HULFISH STREET, SUITE 310**

3. Date of Earliest Transaction (Month/Day/Year)  
**04/18/2006**

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

Chairman of the Board

(Street)  
**PRINCETON, NJ 08542**

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

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

(City) (State) (Zip)

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

| 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock                    | 04/18/2006                           |  | C                              | (A) 1,442,552 (3)   | (1) 1,444,002 (3)   | I  | See Footnote (6)                  |
| Common Stock                    | 04/18/2006                           |  | C                              | (A) 98,949 (3)  | (1) 99,039 (3)  | I  | See Footnote (7)                  |
| Common Stock                    | 04/18/2006                           |  | C                              | (A) 1,938,203 (3)   | (2) 3,382,205 (3)   | I  | See Footnote (6)                  |
| Common Stock                    | 04/18/2006                           |  | C                              | (A) 132,961 (3)   | (2) 232,000 (3)   | I  | See Footnote                      |

(7)

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

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(9-02)

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

| 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                   |               | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |                            |           |
|--|--|--------------------------------------|--|--------------------------------|--|---------------|--|-----------------|---|----------------------------|-----------|
|  |  |                                      |  |                                | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) |               | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |           |
| Series A Preferred Stock                   | (1)  | 04/18/2006                           |  | C                              | V  | (A) 4,774,500 | (D)  | (4)             | (5)   | Common Stock               | 1,442,553 |
| Series A Preferred Stock                   | (1)  | 04/18/2006                           |  | C                              | V  | (A) 327,500   | (D)  | (4)             | (5)   | Common Stock               | 98,949    |
| Series B Preferred Stock                   | (2)  | 04/18/2006                           |  | C                              | V  | (A) 6,414,986 | (D)  | (4)             | (5)   | Common Stock               | 1,938,203 |
| Series B Preferred Stock                   | (2)  | 04/18/2006                           |  | C                              | V  | (A) 440,073   | (D)  | (4)             | (5)   | Common Stock               | 132,961   |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                       |       |
|--|---------------|-----------|-----------------------|-------|
|  | Director      | 10% Owner | Officer               | Other |
| KARABELAS ARGERIS N<br>47 HULFISH STREET<br>SUITE 310<br>PRINCETON, NJ 08542 | X             |           | Chairman of the Board |       |

## Signatures

/s/ Argeris N. Karabelas, Authorized Signatory 04/18/2006

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

- \* 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).
- (1) Reflects the automatic conversion of each share of Series A Preferred Stock into one share of Common Stock upon the close of business of the day immediately preceding the closing of the issuer's initial public offering.
- (2) Reflects the automatic conversion of each share of Series B Preferred Stock into one share of Common Stock upon the close of business of the day immediately preceding the closing of the issuer's initial public offering.
- (3) 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.
- (4) Immediately.
- (5) Not applicable.

(6) The reportable securities are owned directly by Care Capital Investments II, L.P. and indirectly by Care Capital II, LLC as general partner of Care Capital Investments II, L.P. The reporting person is a managing member of Care Capital II, LLC. The reporting person disclaims beneficial ownership of the reportable securities and this report shall not be deemed an admission that he is the beneficial owner of such securities for purposes of Section 16 or for any other purpose, except to the extent of his pecuniary interest therein.

(7) The reportable securities are owned directly by Care Capital Offshore Investments II, L.P. and indirectly by Care Capital II, LLC as general partner of Care Capital Offshore Investments II, L.P. The reporting person is a managing member of Care Capital II, LLC. The reporting person disclaims beneficial ownership of the reportable securities and this report shall not be deemed an admission that he is the beneficial owner of such securities for purposes of Section 16 or for any other purpose, except to the extent of his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.