

Vanda Pharmaceuticals Inc.  
Form 8-K  
December 27, 2011

**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 22, 2011**

**VANDA PHARMACEUTICALS INC.**

**(Exact name of Registrant as specified in its charter)**

**Delaware**

**(State or other jurisdiction of incorporation)**

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**001-34186**  
(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))

**Item 8.01 Other Events**

On December 22, 2011, Vanda Pharmaceuticals Inc. (the Company) received approval from the Internal Revenue Service. The Company originally treated certain expenses as start-up expenditures under Section 195 of the Internal Revenue Code of 1986, as amended (the IRC) and requested a change in this accounting method to re-characterize the expenditures as trade or business expenses under IRC Section 162. As a result of the approval, the Company expects to reflect a tax benefit in its statement of operations in the amount of approximately \$0.3 million in the fourth quarter of 2011. Additionally, the Company expects that the approval will result in an increase in the Company's net operating loss carryforwards of approximately \$35.7 million and research and development credits of approximately \$3.4 million.

Various statements made in this Current Report on Form 8-k are forward-looking statements under the securities laws. Words such as, but not limited to, believe, expect, anticipate, estimate, intend, plan, targets, likely, will, would, and could, or the negative of these expressions or words, identify forward-looking statements. Forward-looking statements are based upon current expectations that involve risks, changes in circumstances, assumptions and uncertainties.

Important factors that could cause actual results to differ materially from those reflected in the Company's forward-looking statements include, among others: the extent and effectiveness of the development, sales and marketing and distribution support Fanapt® receives; Vanda's ability to successfully commercialize Fanapt® outside of the U.S. and Canada; delays in the completion of Vanda's clinical trials; a failure of Vanda's products, product candidates or partnered products to be demonstrably safe and effective; Vanda's failure to obtain regulatory approval for its products or product candidates or to comply with ongoing regulatory requirements; a lack of acceptance of Vanda's products, product candidates or partnered products in the marketplace, or a failure to become or remain profitable; Vanda's expectations regarding trends with respect to its costs and expenses; Vanda's inability to obtain the capital necessary to fund additional research and development activities; Vanda's failure to identify or obtain rights to new products or product candidates; Vanda's failure to develop or obtain sales, marketing and distribution resources and expertise or to otherwise manage its growth; limitations on Vanda's ability to utilize some or all of its prior net operating losses and research and development credits; a loss of any of Vanda's key scientists or management personnel; losses incurred from product liability claims made against Vanda; a loss of rights to develop and commercialize Vanda's products or product candidates under its license and sublicense agreements and other factors that are described in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of Vanda's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is on file with the SEC and available on the SEC website at [www.sec.gov](http://www.sec.gov). Additional information will also be set forth in those sections of Vanda's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which was filed with the SEC on November 7, 2011. In addition to the risks described above and in Vanda's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, other unknown or unpredictable factors also could affect Vanda's results. There can be no assurance that the actual results or developments anticipated by Vanda will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Vanda. Therefore, no assurance can be given that the outcomes stated in such forward-looking statements and estimates will be achieved.

All written and verbal forward-looking statements attributable to Vanda or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to herein. Vanda cautions investors not to rely too heavily on the forward-looking statements Vanda makes or that are made on its behalf. The information conveyed on the conference call will be provided only as of the date of the call, and the Company undertakes no obligation, and specifically declines any obligation, to update or revise publicly any forward-looking statements made during the call after the date thereof, whether as a result of new information, future events, or otherwise.

**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.

VANDA PHARMACEUTICALS INC.

By: /s/ James Kelly  
Name: James Kelly  
Title: Chief Financial Officer

Dated: December 27, 2011