

Vanda Pharmaceuticals Inc.
Form DEF 14A
April 27, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

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:

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Vanda Pharmaceuticals Inc.

2200 Pennsylvania Avenue, Suite 300E

Washington, D.C. 20037

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 13, 2018

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the Annual Meeting) of Vanda Pharmaceuticals Inc., a Delaware corporation (the Company). The Annual Meeting will be held on June 13, 2018, at 9:00 a.m. local time at The Westin Georgetown, located at 2350 M Street NW, Washington, D.C. 20037, for the following purposes:

1. To elect Mihael H. Polymeropoulos, M.D. to serve as a Class III director until the 2021 annual meeting of stockholders;
2. To ratify the selection by the Audit Committee of our Board of Directors of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2018;
3. To approve on an advisory basis the named executive officer compensation;
4. To approve an amendment and restatement of the Company's amended and restated 2016 Equity Incentive Plan (2016 Plan) to, among other things, increase the aggregate number of shares authorized for issuance under the 2016 Plan; and
5. To conduct any other business properly brought before the Annual Meeting or any adjournments or postponements thereof.

The record date for the Annual Meeting is April 19, 2018. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment thereof. A complete list of such stockholders will be available for examination at our offices in Washington, D.C. during normal business hours for a period of ten days prior to the date of the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, please vote by telephone or over the internet, or by completing, signing, dating and returning your proxy card or voting instruction form so that your shares will be represented at the Annual Meeting. Instructions for voting are described in the Company's Proxy Statement for the Annual Meeting, Notice of Internet Availability of Proxy Materials or proxy card.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 13, 2018:

The Company's Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at www.proxyvote.com.

By Order of the Board of Directors,

James P. Kelly

*Executive Vice President, Chief Financial
Officer, Treasurer and Secretary*

Washington, D.C.

April 27, 2018

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Vanda Pharmaceuticals Inc.

2200 Pennsylvania Avenue, Suite 300E

Washington, D.C. 20037

PROXY STATEMENT

FOR THE 2018 Annual MEETING OF STOCKHOLDERS

June 13, 2018

This Proxy Statement is furnished in connection with the solicitation of proxies to be voted at the 2018 Annual Meeting of Stockholders (the Annual Meeting) of Vanda Pharmaceuticals Inc. (sometimes referred to as we, the Company or Vanda), which will be held on June 13, 2018, at 9:00 a.m. local time at The Westin Georgetown, located at 2350 M Street NW, Washington, D.C. 20037.

We are making this Proxy Statement and our annual report on Form 10-K for the year ended December 31, 2017 (the Annual Report) available to stockholders at www.proxyvote.com. On or about April 27, 2018, we will begin mailing to certain of our stockholders a notice (the Notice) containing instructions on how to access and review this Proxy Statement and the Annual Report at that website. The Notice also instructs you how you may submit your proxy over the internet or via telephone. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting those materials included in the Notice.

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving this Proxy Statement and proxy card?

You have received these proxy materials because you owned shares of Vanda common stock as of April 19, 2018, the record date for the Annual Meeting (the Record Date), and our Board of Directors (the Board) is soliciting your proxy to vote at the Annual Meeting. This Proxy Statement describes matters on which we would like you to vote at the Annual Meeting so that you can make an informed decision.

Why did I receive a Notice of Internet Availability of Proxy Materials in the mail instead of a printed set of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission (the SEC), we are permitted to furnish our proxy materials over the internet to our stockholders by delivering the Notice in the mail. As a result, only stockholders who specifically request a printed copy of the Proxy Statement will receive one. Instead, the Notice instructs stockholders on how to access and review the Proxy Statement and the Annual Report over the internet at www.proxyvote.com. The Notice also instructs stockholders on how they may submit their proxy over the internet. If a stockholder who received a Notice would like to receive a printed copy of our proxy materials, such stockholder should follow the instructions for requesting these materials contained in the Notice.

How may I vote at the Annual Meeting?

You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply follow the instructions below to

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submit your proxy via telephone or on the internet. If you received a printed set of materials, you may also vote by mail by signing, dating and returning the proxy card.

When you vote, regardless of the method used, you appoint Messrs. James P. Kelly and Kevin Moran as your representatives (or proxyholders) at the Annual Meeting. They will vote your shares at the Annual Meeting as you have instructed them or, if an issue that is not on the proxy card comes up for vote, in accordance with their best judgment. This way, your shares will be voted whether or not you attend the Annual Meeting.

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Who is entitled to vote at the Annual Meeting?

Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. On the Record Date, there were 52,110,701 shares of the Company's common stock outstanding. All of these outstanding shares are entitled to vote at the Annual Meeting (one vote per share of common stock) in connection with the matters set forth in this Proxy Statement.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the place of the Annual Meeting on June 13, 2018 and will be accessible for ten days prior to the date of the Annual Meeting at our principal place of business, 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037, between the hours of 9:00 a.m. and 5:00 p.m. local time.

How do I vote?

If on the Record Date your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, then you are a stockholder of record. Stockholders of record may vote by using the internet, by telephone or (if you received a proxy card by mail) by mail as described below. Stockholders also may attend the meeting and vote in person. If you hold shares in street name (*i.e.*, through a bank, broker or other nominee), please refer to your proxy card, Notice or other information forwarded by your bank, broker or other nominee to see which voting options are available to you.

You may vote by using the internet. The address of the website for internet voting is www.proxyvote.com. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on June 12, 2018. Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

You may vote by telephone. The toll-free telephone number is noted on the Notice and your proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on June 12, 2018. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

You may vote by mail. If you received a proxy card by mail and choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope.

The method you use to vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. If you hold your shares in street name, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

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You may submit a subsequent proxy by using the internet, by telephone or by mail with a later date;

You may deliver a written notice that you are revoking your proxy to the Secretary of the Company at 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037; or

You may attend the Annual Meeting and vote your shares in person. Simply attending the Annual Meeting without affirmatively voting will not, by itself, revoke your proxy.

If you are a beneficial owner of your shares, you must contact the bank, broker or other nominee holding your shares in street name and follow their instructions for changing your vote.

Table of Contents**How many votes do you need to hold the Annual Meeting?**

A quorum of stockholders is necessary to conduct business at the Annual Meeting. Pursuant to our Fourth Amended and Restated Bylaws (the "Bylaws"), a quorum will be present if a majority of the voting power of outstanding shares of the Company entitled to vote generally in the election of directors is represented in person or by proxy at the Annual Meeting. On the Record Date, there were 52,110,701 shares of common stock outstanding and entitled to vote. Thus, 26,055,351 shares must be represented by stockholders present at the Annual Meeting or represented by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you attend the Annual Meeting and vote in person. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present for the transaction of business. If a quorum is not present, the holders of a majority of the votes present at the Annual Meeting may adjourn the Annual Meeting to another date.

What proposals will be voted on at the Annual Meeting?

| Proposal | Board Recommendation | Vote Required | Broker Discretionary Voting Allowed |
|--|-----------------------------|----------------------|--|
| Proposal 1: Elect Mihael H. Polymeropoulos, M.D. to serve as a Class III director until the 2021 annual meeting of stockholders. | FOR | Majority Votes Cast | No |
| Proposal 2: Ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ending December 31, 2018. | FOR | Majority Votes Cast | Yes |
| Proposal 3: Approve on an advisory basis the named executive officer compensation. | FOR | Majority Votes Cast | No |
| Proposal 4: Approve the amendment and restatement of our Amended and Restated 2016 Equity Incentive Plan to, among other things, increase the aggregate number of shares authorized for issuance under the Amended and Restated 2016 Equity Incentive Plan. | FOR | Majority Votes Cast | No |

Majority Votes Cast means that a proposal that receives an affirmative majority of the votes cast will be approved. Abstentions and broker non-votes will not be counted **FOR** or **AGAINST** the proposal and will have no effect on the proposal. Broker Discretionary Voting occurs when a broker does not receive voting instructions from the beneficial owner and votes those shares in its discretion on any proposal on which it is permitted to vote.

Could other matters be decided at the Annual Meeting?

Vanda does not know of any other matters that may be presented for action at the Annual Meeting. Should any other business come before the Annual Meeting, the persons named on the proxy card will have discretionary authority to vote the shares represented by proxies in accordance with their best judgment. If you hold shares in street name as described above, they will not be able to vote your shares on any other business that comes before the Annual Meeting unless they receive instructions from you with respect to such other business.

What happens if a director nominee is unable to stand for election?

If a nominee is unable to stand for election, our Board may either:

reduce the number of directors that serve on the board or

designate a substitute nominee.

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If our Board designates a substitute nominee, shares represented by proxies voted for the nominee who is unable to stand for election will be voted for the substitute nominee.

What happens if I submit my proxy but do not provide voting instructions?

If you submit a proxy via telephone, the internet or return a signed and dated proxy card without indicating instructions with respect to specific proposals, your shares will be voted as follows:

- Proposal 1:** **FOR** the election of Mihael H. Polymeropoulos, M.D. as a Class III director;
- Proposal 2:** **FOR** the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018;
- Proposal 3:** **FOR** the approval, in an advisory manner, of the compensation of our named executive officers as set forth in this Proxy Statement; and
- Proposal 4:** **FOR** the approval of the amendment and restatement of the Amended and Restated 2016 Equity Incentive Plan to, among other things, increase the aggregate number of shares authorized for issuance under the Amended and Restated 2016 Equity Incentive Plan.

If any other matter is properly presented at the Annual Meeting, the proxyholders for shares voted on the proxy card (*i.e.* one of the individuals named as proxies on your proxy card) will vote your shares using their best judgment.

What do I need to show to attend the Annual Meeting in person?

You will need proof of your share ownership (such as a recent brokerage statement or letter from your broker showing that you owned shares of our common stock as of the Record Date) and a form of photo identification. If you do not have proof of ownership and valid photo identification, you may not be admitted to the Annual Meeting. All bags, briefcases and packages will be held at registration and will not be allowed in the meeting. We will not permit the use of cameras (including cell phones and other devices with photographic capabilities) or other recording devices in the meeting room.

Who is paying for this proxy solicitation?

The accompanying proxy is being solicited by the Board. In addition to this solicitation, directors and employees of the Company may solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. In addition, the Company may also retain one or more third parties to aid in the solicitation of brokers, banks and institutional and other stockholders. We will pay for the entire cost of soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What happens if the Annual Meeting is postponed or adjourned?

Unless the polls have closed or you have revoked your proxy, your proxy will still be in effect and may be voted once the Annual Meeting is reconvened. However, you will still be able to change or revoke your proxy with respect to any proposal until the polls have closed for voting on such proposal.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results are expected to be announced at the Annual Meeting. Final voting results will be reported on a Current Report on Form 8-K filed with the SEC no later than the fourth business day after the Annual Meeting.

How can I find Vanda's proxy materials and annual report on the internet?

This Proxy Statement and the Annual Report are available at our corporate website at www.vandapharma.com. You also can obtain copies without charge at the SEC's website at www.sec.gov. Additionally, in accordance with SEC rules, you may access these materials at www.proxyvote.com, which does not have cookies that identify visitors to the site.

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How do I obtain a separate set of Vanda's proxy materials if I share an address with other stockholders?

In some cases, stockholders holding their shares in a brokerage or bank account who share the same surname and address receive only one copy of the Notice. This practice, called "householding," is designed to reduce duplicate mailings and save printing and postage costs as well as natural resources. If you would like to have a separate copy of the Notice, the Annual Report or this Proxy Statement mailed to you or receive separate copies of future mailings, please submit your request to the address or phone number that appears on your Notice or proxy card. We will deliver such additional copies promptly upon receipt of such request.

In other cases, stockholders receiving multiple copies of proxy materials at the same address may wish to receive only one copy. If you would like to receive only one copy, please submit your request to the address or phone number that appears on your Notice or proxy card.

Can I receive future proxy materials and annual reports electronically?

Yes. This Proxy Statement and the Annual Report are available on our investor relations website located at www.vandapharma.com. Instead of receiving paper copies in the mail, stockholders can elect to receive an email that provides a link to our future annual reports and proxy materials on the internet. Opting to receive your proxy materials electronically will save us the cost of producing and mailing documents to your home or business, will reduce the environmental impact of our annual meetings and will give you an automatic link to the proxy voting site.

May I propose actions for consideration at next year's annual meeting or nominate individuals to serve as directors?

Yes. The following requirements apply to stockholder proposals, including director nominations, for the 2019 annual meeting of stockholders:

Requirements for Stockholder Proposals to be Considered for Inclusion in Vanda's Proxy Materials

Stockholders interested in submitting a proposal (other than the nomination of directors) for inclusion in the proxy materials to be distributed by us for the 2019 annual meeting of stockholders may do so by following the procedures prescribed in Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). To be eligible for inclusion in Vanda's proxy materials, stockholder proposals must be received at our principal executive offices no later than the close of business on December 27, 2018 which is the 120th day prior to the first anniversary of the date that we released this Proxy Statement to our stockholders for the Annual Meeting. To be included in our proxy materials, your proposal also must comply with the Bylaws and Rule 14a-8 promulgated under the Exchange Act regarding the inclusion of stockholder proposals in company-sponsored proxy materials. If we change the date of the 2019 annual meeting of stockholders by more than 30 days from the anniversary of this year's Annual Meeting, stockholder proposals must be received a reasonable time before we begin to print and mail our proxy materials for the 2019 annual meeting of stockholders. Proposals should be sent to Vanda Pharmaceuticals Inc., 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037, Attn: Secretary.

Requirements for Stockholder Nomination of Director Candidates and Stockholder Proposals Not Intended for Inclusion in Vanda's Proxy Materials

Stockholders who wish to nominate persons for election to the Board at our 2019 annual meeting of stockholders or who wish to present a proposal at our 2019 annual meeting of stockholders, but who do not intend for such proposal to be included in the Company's proxy materials for such meeting, must deliver written notice of the nomination or

proposal to the Company's Secretary at our principal executive offices no earlier than February 10, 2019, which is the 75th day prior to the first anniversary of the date we released this Proxy Statement to our stockholders for the Annual Meeting, and no later than March 12, 2019, which is the 45th day prior to the first anniversary of the date we released this Proxy Statement to our stockholders for the Annual Meeting. However, if we change the date of our 2019 annual meeting of stockholders by

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more than 30 days from the anniversary of this year's Annual Meeting, such nominations and proposals must be received no later than the close of business on the later of (a) the 90th day prior to our 2019 annual meeting of stockholders and (b) the 10th day following the day we first publicly announce the date of our 2019 annual meeting of stockholders. The stockholder's written notice must include certain information concerning the stockholder and each nominee and proposal, as specified in the Bylaws. If the stockholder does not also satisfy the requirements of Rule 14a-4 promulgated under the Exchange Act, the persons named as proxies will be allowed to use their discretionary voting authority when and if the matter is raised at the 2019 annual meeting of stockholders. Such nominations or proposals should be sent to Vanda Pharmaceuticals Inc., 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037, Attn: Secretary.

Copy of Bylaws

You may request a copy of the Bylaws at no charge by writing to Vanda's Secretary at 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037. A current copy of the Bylaws also is available at our corporate website at www.vandapharma.com. To access the Bylaws from the main page of our website, click on Investor Relations at the top of the page, then click on Corporate Governance and then click on Amended and Restated Bylaws.

Whom should I call if I have any questions?

If you have any questions, would like additional Vanda proxy materials or proxy cards, or need assistance in voting your shares, please contact Investor Relations, Vanda Pharmaceuticals Inc., 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037 or by telephone at (202) 734-3400.

Important Notice Regarding the Availability of Proxy Materials

for the Meeting to be Held on Wednesday, June 13, 2018:

This Proxy Statement and the Annual Report are available on-line at www.proxyvote.com.

Table of Contents**PROPOSAL 1****ELECTION OF DIRECTORS**

Under the Bylaws, our Board is divided into three classes of roughly equal size. The members of each class are elected to serve a three-year term with the term of office of each of the three classes ending in successive years. Pursuant to the Bylaws, the Board has fixed the current number of directors at six, but intends to decrease the number of directors to five following the expiration of Kenneth M. Bate's term at the Annual Meeting. Kenneth M. Bate and Mihael H. Polymeropoulos, M.D. are the two Class III directors whose terms expire at the Annual Meeting. On April 24, 2018, Mr. Bate informed the Board of Directors he would not stand for re-election at the Annual Meeting. Mihael H. Polymeropoulos, M.D. has been nominated for election by our Board to serve until the 2021 annual meeting of stockholders or until his successor is elected (or until his earlier death, resignation or removal). It is our policy to encourage nominees for director to attend the Annual Meeting.

Directors are elected by a majority of the votes cast at the Annual Meeting. Pursuant to the Bylaws, a majority of votes cast means that the number of votes cast **FOR** a director's election exceeds 50% of the votes cast with respect to that director's election. For this purpose, votes cast shall exclude abstentions and broker non-votes. Because the election of directors is not a matter on which a bank, broker or other nominee is generally empowered to vote, broker non-votes are expected to exist in connection with this matter.

Shares represented by signed proxy cards will be voted on Proposal 1 **FOR** the election of Mihael H. Polymeropoulos, M.D. to the Board at the Annual Meeting, unless otherwise marked on the card. If any Vanda director nominee becomes unavailable for election as a result of an unexpected occurrence, shares represented by proxy will be voted for the election of a substitute nominee designated by our current Board, unless otherwise marked on the card. Mihael H. Polymeropoulos, M.D., Vanda's director nominee, has agreed to serve as a director if elected. We have no reason to believe that Mihael H. Polymeropoulos, M.D. will be unable to serve if elected.

Pursuant to our Amended and Restated Corporate Governance Guidelines, Mihael H. Polymeropoulos, M.D. has tendered an irrevocable, conditional resignation that will be effective only upon both (i) the failure to receive the required vote at the Annual Meeting for reelection and (ii) our Board's acceptance of such resignation. If Mihael H. Polymeropoulos, M.D. fails to receive the required vote for reelection, the Nominating/Corporate Governance Committee of our Board will act on an expedited basis to determine whether to accept such director's resignation and will submit its recommendation for prompt consideration by our Board. The Nominating/Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

Nominee for Election as Class III Director at the Annual Meeting

This year's nominee for election to the Board as our Class III director to serve for a term of three years expiring at the 2021 annual meeting of stockholders, or until his successor has been duly elected and qualified or until his earlier death, resignation or removal, are provided below. The age of the director as of the Record Date is set forth below.

| Name | Age | Positions and Offices Held with Company | Director Since |
|-----------------------------------|------------|---|-----------------------|
| Mihael H. Polymeropoulos, M.D. | 58 | Director, President and Chief Executive Officer | 2003 |

The following is additional information about the nominee as of the date of this Proxy Statement, including his business experience, public company director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating/Corporate Governance Committee and the Board to determine that the nominee should serve as one of our directors.

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Mihael H. Polymeropoulos, M.D. co-founded Vanda and has served as President, Chief Executive Officer and a Director since May 2003. Prior to joining Vanda, Dr. Polymeropoulos was Vice President and Head of the Pharmacogenetics Department at Novartis AG from 1998 to 2003. Prior to his tenure at Novartis, he served as Chief of the Gene Mapping Section, Laboratory of Genetic Disease Research, National Human Genome Research Institute, from 1992 to 1998. Dr. Polymeropoulos is the co-founder of the Integrated Molecular Analysis of Genome Expression Consortium. Dr. Polymeropoulos holds a degree in Medicine from the University of Patras. We believe that Dr. Polymeropoulos' qualifications to sit on the Board include his executive experience at Novartis, his expertise in the fields of psychiatry and pharmacogenetics, his extensive knowledge of central nervous system disorders and his long history with the Company.

Other public directorships held by Dr. Polymeropoulos within the past five years: None.

YOUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE THE PROXY

CARD FOR THE ELECTION OF MIHAEL H. POLYMEROPOULOS, M.D.

Continuing Directors Not Standing for Election

Certain information about those directors whose terms do not expire at the Annual Meeting is furnished below, including their business experience, public company director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating/Corporate Governance Committee and the Board to determine that the directors should serve as one of our directors. The age of each director as of the Record Date is set forth below.

| Name | Age | Positions and Offices Held with Company | Director Since |
|-------------------|------------|--|-----------------------|
| Michael F. Cola | 58 | Director | 2012 |
| Richard W. Dugan | 76 | Director | 2005 |
| Vincent J. Milano | 54 | Director | 2010 |
| H. Thomas Watkins | 65 | Director, Chairman of the Board | 2006 |

Class I Directors (Terms Expire in 2019)

Michael F. Cola has served on the Board since 2012. Mr. Cola has served as Chief Executive Officer and President of Aevi Genomic Medicine, Inc. since September 2013. Mr. Cola served as President of Shire plc's Specialty Pharmaceuticals business from 2007 until April 2012. Mr. Cola joined Shire in July 2005 as Executive Vice President for Global Therapeutic Business Units and Portfolio Management prior to being named President of the Specialty Pharmaceuticals business. Prior to joining Shire, Mr. Cola spent more than five years at Safeguard Scientifics, where he served as President of the Life Sciences Group. As part of his role with Safeguard Scientifics, Mr. Cola served as Chairman and CEO of Clariant, a cancer diagnostics company, and Chairman of Laureate Pharma, a full service contract manufacturing organization serving research based biologics companies. Prior to joining Safeguard Scientifics, Mr. Cola held progressively senior positions in product development and commercialization at AstraMerck, and later with AstraZeneca. Mr. Cola currently serves on the board of directors of Aevi Genomic Medicine, Inc. Mr. Cola received his Bachelor of Arts degree in biology and physics from Ursinus College and his Master of Science degree in biomedical science from Drexel University. We believe that Mr. Cola's qualifications to sit on the Board include his executive experience in the pharmaceutical industry, his experience with product development and commercialization and his experience on other public company boards.

Other public directorships held by Mr. Cola within the past five years: Aevi Genomic Medicine, Inc. and Sage Therapeutics, Inc.

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H. Thomas Watkins has served as Chairman of the Board since March 2014 and has been a member of the Board since 2006. Mr. Watkins served as the President and Chief Executive Officer of Human Genome Sciences, Inc. and as a member of its board of directors from 2004 until August 2012, when Human Genome Sciences, Inc. was acquired by GlaxoSmithKline. Prior to his tenure at Human Genome Sciences, Inc., Mr. Watkins served as President of TAP Pharmaceutical Products, Inc. Mr. Watkins previously held a series of executive positions over the course of nearly twenty years with Abbott Laboratories. Mr. Watkins also serves on the board of directors of Horizon Pharma plc, the Biotechnology Innovation Organization (BIO), and served as Chair of the BIO board of directors from June 2011 until April 2013. He holds a B.B.A. from the College of William and Mary and an M.B.A. from the University of Chicago Graduate School of Business. We believe that Mr. Watkins' qualifications to sit on the Board include his executive experience in the pharmaceutical industry, his experience with late-stage product development, his knowledge of in-licensing and other partnering strategies, his business degree and his experience on other public company boards.

Other public directorships held by Mr. Watkins within the past five years: Human Genome Sciences, Inc. (acquired by GlaxoSmithKline) and Horizon Pharma plc.

Class II Directors (Terms Expire in 2020)

Richard W. Dugan has served on the Board since 2005. Mr. Dugan served as a Partner with Ernst & Young, LLP from 1976 to September 2002, where he served in a variety of managing and senior partner positions, including Mid-Atlantic Area Senior Partner from 2001 to 2002, Mid-Atlantic Area Managing Partner from 1989 to 2001 and Pittsburgh Office Managing Partner from 1979 to 1989. Mr. Dugan retired from Ernst & Young, LLP in September 2002. Mr. Dugan previously served as a director of two publicly traded pharmaceutical companies, Middlebrook Pharmaceuticals, Inc. and Critical Therapeutics, Inc., and a privately owned pharmaceutical company, Xanthus Pharmaceuticals. Mr. Dugan holds a B.S.B.A. from Pennsylvania State University. We believe that Mr. Dugan's qualifications to sit on the Board include his more than 25 years as a Partner with Ernst & Young, LLP, his long history with the Company, his status as a financial expert under The Sarbanes-Oxley Act of 2002 and his experience on other public company boards.

Other public directorships held by Mr. Dugan within the past five years: None.

Vincent J. Milano has served on the Board since 2010. Mr. Milano has served as Chief Executive Officer of Idera Pharmaceuticals, Inc. (Idera) since December 2014. Prior to his tenure at Idera, Mr. Milano served as President and Chief Executive Officer of ViroPharma Incorporated (ViroPharma) from March 2008 until January 2014, when ViroPharma was acquired by Shire Pharmaceuticals. Mr. Milano served as Chief Operating Officer from January 2006 to March 2008, and as Vice President, Chief Financial Officer of ViroPharma from November 1997 to March 2008. Mr. Milano also previously served as Vice President, Finance & Administration, Treasurer and as Executive Director, Finance & Administration of ViroPharma. Prior to joining ViroPharma, Mr. Milano was with KPMG LLP, independent certified public accountants, where he was a Senior Manager from 1991 to 1996. Mr. Milano also serves on the boards of Idera Pharmaceuticals and Spark Therapeutics, both publicly traded companies, and VenatoRx, a privately held company. Mr. Milano received his Bachelor of Science degree in Accounting from Rider College. We believe that Mr. Milano's qualifications to sit on the Board include his executive experience in the pharmaceutical industry, his knowledge of finance and accounting and his experience on other public company boards.

Other public directorships held by Mr. Milano within the past five years: Idera Pharmaceuticals, Inc., ViroPharma Incorporated (acquired by Shire Pharmaceuticals) and Spark Therapeutics, Inc.

Table of Contents**CORPORATE GOVERNANCE****Independence of the Board**

As required under Nasdaq listing standards, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the board of directors. Consistent with these regulations, after review of all relevant transactions or relationships between each director, or any of his family members, and the Company, its senior management and its independent registered public accounting firm, the Board has determined that all of our directors are independent directors within the meaning of applicable Nasdaq listing standards, except for Dr. Mihael H. Polymeropoulos, our Chief Executive Officer.

Information Regarding the Board and its Committees

As required under Nasdaq listing standards, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present. Mr. Watkins, Chairman of the Board, presides over these executive sessions.

The Board has an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee. The following table provides membership and meeting information for each of the Board committees during 2017:

| Committee | Chairman | Members | Number of Committee Meetings in 2017 |
|---|-------------------|---|---|
| Audit Committee | Richard W. Dugan | Michael F. Cola Vincent J. Milano | 9 |
| Compensation Committee | Vincent J. Milano | H. Thomas Watkins Kenneth M. Bate(1) | 5 |
| Nominating/Corporate Governance Committee | H. Thomas Watkins | Richard W. Dugan | 2 |

(1) Mr. Bate has informed the Board he will not stand for re-election and his term will expire on June 13, 2018 at the Annual Meeting. The Board will appoint one of the other current directors to succeed Mr. Bate as a member of the Compensation Committee, each effective upon the expiration of his term on June 13, 2018.

Below is a description of each committee of the Board. The Board has determined that each member of the Audit, Compensation and Nominating/Corporate Governance Committees meets applicable rules and regulations regarding independence and that each such member is free of any relationship that would interfere with his individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee of the Board oversees the quality and integrity of the Company's financial statements and other financial information provided to the Company's stockholders, the retention and performance of the Company's

independent accountants, the effectiveness of the Company's internal controls and disclosure controls, and the Company's compliance with ethics policies and SEC and related regulatory requirements. For these purposes, the Audit Committee, among other duties and powers, (1) approves audit fees for, and selects and reviews the performance of, the Company's independent accountants, (2) reviews reports prepared by management, and attested by the Company's independent accountants with respect to the financial statements contained therein, assessing the adequacy and effectiveness of the Company's internal controls and procedures, prior to the inclusion of such reports in the Company's periodic filings as required under the rules of the SEC, (3) reviews the Company's annual and quarterly reports, and associated consolidated financial statements, with management and the independent accountants prior to the first public release of the Company's financial results for such year or quarter, (4) reviews with external counsel any legal matters that could have a significant impact

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on the Company's financial statements, and (5) establishes and maintains procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters. Our Audit Committee charter can be found in the Corporate Governance section of our corporate website at www.vandapharma.com. Three directors comprised the Audit Committee as of December 31, 2017: Mr. Dugan (the Chairman of the Audit Committee), Mr. Cola and Mr. Milano. The Audit Committee met nine times during 2017.

The Board annually reviews the Nasdaq listing standards definition of independence for Audit Committee members and has determined that all members of our Audit Committee are independent (as independence is currently defined in applicable Nasdaq listing standards and Rule 10A-3 promulgated under the Exchange Act).

Compensation Committee

The Compensation Committee of the Board reviews and approves the design of, assesses the effectiveness of, and administers executive compensation programs, including our equity incentive plans. For these purposes, the Compensation Committee, among other duties and powers, (1) reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other Company executives, (2) reviews and approves the terms of offer letters, employment agreements, severance agreements, change in control agreements and other material agreements between the Company and its executive officers, (3) approves material changes to the Company's 401(k) plan and oversees its implementation, (4) reviews and approves the Compensation Discussion and Analysis included in this Proxy Statement and (5) conducts reviews of executive officer succession planning. In accordance with Nasdaq listing standards and our amended and restated compensation committee charter, our Board has granted our Compensation Committee the authority and responsibility to retain or obtain the advice of compensation consultants, legal counsel and other compensation advisers, the authority to fund such advisers and the responsibility to consider the independence factors specified under applicable law and any additional factors the compensation committee deems relevant. Our Compensation Committee charter can be found in the Corporate Governance section of our website at www.vandapharma.com.

Three directors comprised the Compensation Committee of the Board as of December 31, 2017: Mr. Milano (the Chairman of the Compensation Committee), Mr. Watkins and Mr. Bate. The Compensation Committee met five times during 2017. The Board will appoint one of the other current directors to succeed Mr. Bate as a member of the Compensation Committee effective upon the expiration of Mr. Bate's term on June 13, 2018.

The Board has determined that all members of the Compensation Committee are independent (as independence is currently defined in the Nasdaq listing standards). In addition, each of our directors serving on our Compensation Committee satisfies the heightened independence standards for members of a compensation committee under Nasdaq listing standards, each member of this committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Dr. Polymeropoulos, our Chief Executive Officer, and Mr. Kelly, our Chief Financial Officer, often participate in the Compensation Committee's meetings. Neither of them participates in the determination of their own respective compensation or the compensation of directors. However, Dr. Polymeropoulos does make recommendations to the Compensation Committee regarding the amount and form of the compensation of the other executive officers and key employees, and he often participates in the Compensation Committee's deliberations about their compensation. No other executive officers participate in the determination of the amount or form of the compensation for our executive officers or directors.

The Compensation Committee has retained Willis Towers Watson, a national compensation consulting firm, since November 2006. In December 2017 Willis Towers Watson presented a new executive compensation assessment to the Compensation Committee. Willis Towers Watson provided the Compensation Committee with data about the compensation paid by our peer group of companies and other employers who compete with the

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Company for executives, updated the Compensation Committee on new developments in areas that fall within the Compensation Committee's jurisdiction and advised the Compensation Committee regarding matters related to its equity compensation program. The consultant serves at the pleasure of the Compensation Committee rather than the Company, and the consultant's fees are approved by the Compensation Committee. In 2017, our Compensation Committee assessed the independence of Willis Towers Watson pursuant to applicable SEC rules and Nasdaq listing standards and concluded that the work of Willis Towers Watson has not raised any conflict of interest.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is or has ever been an officer or employee of the Company. No executive officer of the Company serves as a member of the Board or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or our Compensation Committee.

Nominating/Corporate Governance Committee

Our Nominating/Corporate Governance Committee identifies, evaluates and recommends nominees to our Board and committees of our Board, conducts searches for appropriate directors and evaluates the performance of our Board and of individual directors. Our Nominating/Corporate Governance Committee is also responsible for reviewing developments in corporate governance practices, evaluating the adequacy of our corporate governance practices and reporting and making recommendations to the Board concerning corporate governance matters. Our Nominating/Corporate Governance Committee charter can be found in the Corporate Governance section of our corporate website at www.vandapharma.com. Two directors comprised the Nominating/Corporate Governance Committee as of December 31, 2017: Mr. Watkins (the Chairman of the Nominating/Corporate Governance Committee) and Mr. Dugan. The Nominating/Corporate Governance Committee met two times during 2017.

The Nominating/Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements and having a general understanding of the Company's industry. The Nominating/Corporate Governance Committee also considers other factors it deems appropriate, including, but not limited to:

the candidate's relevant expertise and experience upon which to offer advice and guidance to management;

the candidate having sufficient time to devote to the affairs of the Company;

the candidate having a proven track record in his or her field;

the candidate's ability to exercise sound business judgment;

the candidate's commitment to vigorously represent the long-term interests of our stockholders;

whether or not a conflict of interest exists between the candidate and our business;

whether the candidate would be considered independent under applicable Nasdaq and SEC standards;

the current composition of the Board; and

the operating requirements of the Company.

In conducting this assessment, the committee considers gender, diversity, age, skills and such other factors as it deems appropriate given the then-current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. While diversity and variety of experiences and viewpoints represented on the Board should always be considered, the Nominating/Corporate Governance Committee believes that a director nominee should neither be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity.

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In the case of incumbent directors whose terms of office are set to expire, the Nominating/Corporate Governance Committee reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair such directors' independence.

When there is a vacancy on the Board, the Nominating/Corporate Governance Committee uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems it appropriate, a professional search firm. The Nominating/Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Nominating/Corporate Governance Committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to the Board by majority vote.

Pursuant to our Amended and Restated Corporate Governance Guidelines, which can be found in the Corporate Governance section of our corporate website at www.vandapharma.com, the Board shall nominate for election or reelection as director only candidates who have tendered, in advance of such nomination, an irrevocable, conditional resignation that will be effective only upon both (i) the failure to receive the required vote at the next stockholders meeting at which such person faces reelection and (ii) the Board's acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors in accordance with the Amended and Restated Corporate Governance Guidelines.

Under the Amended and Restated Corporate Governance Guidelines, if an incumbent director fails to receive the required vote for reelection, the Nominating/Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit its recommendation for prompt consideration by the Board. The Nominating/Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

The Nominating/Corporate Governance Committee will consider director candidates recommended by stockholders and evaluate them using the same criteria as candidates identified by the Board or the Nominating/Corporate Governance Committee for consideration. If a stockholder of the Company wishes to recommend a director candidate for consideration by the Nominating/Corporate Governance Committee, the stockholder recommendation should be delivered to the Secretary of the Company at the principal executive offices of the Company pursuant to the terms and conditions of the Bylaws. The stockholder recommendation must, among other things, set forth:

for each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A promulgated under the Exchange Act, and such person's written consent to serve as a director if elected;

as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, (2) the class and number of shares of the Company that are owned beneficially and of record by such stockholder and such beneficial owner and a representation that the stockholder will notify the Company in writing of the class and number of such shares owned beneficially and of record as of the record date for the meeting promptly following the later of the record date or the date notice of the record

date is first publicly disclosed, (3) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Company's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Company's voting shares to elect such nominee or nominees and (4) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such stockholder with respect to stock of the

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Company and whether any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made by or on behalf of such stockholder, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, such stockholder or to increase or decrease the voting power or pecuniary or economic interest of such stockholder with respect to stock of the Company;

any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Company or with a value derived in whole or in part from the value of any class or series of shares of the Company, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Company or otherwise (a Derivative Instrument) directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Company and a representation that the stockholder will notify the Company in writing of any such Derivative Instrument in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

a description of any agreement, arrangement or understanding with respect to the proposal of business between or among such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, any of their respective affiliates or associates and any others acting in concert with any of the foregoing and a representation that the stockholder will notify the Company in writing of any such agreements, arrangements or understandings in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business; and

any other information that is required to be provided by the stockholder pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder in such stockholder's capacity as a proponent of a stockholder proposal.

In addition, the Bylaws require that the stockholder recommendation shall set forth as to each person whom the stockholder proposes to nominate for election or reelection as a director (1) the name, age, business address and residence address of the person, (2) the principal occupation or employment of the person, (3) the class, series and number of shares of capital stock of the Company that are owned beneficially and of record by the person, (4) a statement as to the person's citizenship, (5) the completed and signed representation and agreement described above, (6) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the Exchange Act, (7) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (8) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person with respect to stock of the Company and whether any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made by or on behalf of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, such person or to increase or decrease the voting power or pecuniary or economic interest of such person with respect to stock of the Company and (9) a written statement of the person such stockholder intends to

nominate, that such person, if elected, intends to tender, promptly following such person's election or re-election, an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon acceptance of such resignation by the board of directors, in accordance with the Company's Amended and Restated Corporate Governance Guidelines.

We believe that each of our directors and nominees brings a strong background and set of skills to our Board, giving the Board, as a whole, an appropriate balance of the knowledge, experience, attributes, skills and expertise. In addition, five of our six directors are independent under Nasdaq standards (Dr. Polymeropoulos, our

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Chief Executive Officer, being the only exception as he is an employee) and our Nominating/Corporate Governance Committee believes that all six directors are independent of the influence of any particular stockholder or group of stockholders whose interests may diverge from the interests of our stockholders as a whole. We believe that our directors have a broad range of personal characteristics including leadership, management, pharmaceutical, business, marketing and financial experience and abilities to act with integrity, with sound judgment and collegially, to consider strategic proposals, to assist with the development of our strategic plan and oversee its implementation, to oversee our risk management efforts and executive compensation and to provide leadership, to commit the requisite time for preparation and attendance at board and committee meetings and to provide required expertise on our board committees. As described above, the Nominating/Corporate Governance Committee has recommended the members of our Board for their directorships. In evaluating such directors, our Nominating/Corporate Governance Committee has reviewed the experience, qualifications, attributes and skills of our directors and nominees, including those identified in the biographical information set forth above in the section entitled "Election of Directors". The Nominating/Corporate Governance Committee believes that the members of our Board offer insightful and creative views and solutions with respect to issues facing the Company. In addition, the Nominating/Corporate Governance Committee also believes that the members of our Board function well together as a group. The Nominating/Corporate Governance Committee believes that the above-mentioned attributes and qualifications, along with the leadership skills and other experiences of the members of the Board described in further detail above under the section entitled "Election of Directors", provide the Company with the perspectives and judgment necessary to guide the Company's strategies and monitor their execution.

Separation of CEO and Chairman of the Board Roles

Our Board separates the positions of Chairman of the Board and Chief Executive Officer. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. The Board recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Chairman of the Board, particularly as the Board's oversight responsibilities continue to grow. We believe that having separate positions and having an independent outside director serve as Chairman of the Board is the appropriate leadership structure for the Company at this time.

Meetings of the Board of Directors

The Board met five times during 2017. Each director attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he served that were held during the period for which he was a director or committee member.

Director Attendance at Annual Meetings of Stockholders

Directors are encouraged, but not required, to attend our annual stockholder meetings. All of the then-serving directors attended our 2017 annual meeting of stockholders.

Stockholder Communications with the Board of Directors

Stockholders may communicate with the Board, including the independent members of the Board, by sending a letter to Vanda Pharmaceuticals Inc., 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037, Attn: Secretary. Each such communication should set forth (1) the name and address of such stockholder, as they appear on the Company's books and, if the shares of the Company's stock are held by a nominee, the name and address of the

beneficial owner of such shares, and (2) the number of shares of the Company's stock that are owned of record by such record holder and beneficially by such beneficial owner. The Secretary will review all communications from stockholders, but may, in his sole discretion, disregard any communication that he believes is not related to the duties and responsibilities of the Board. If deemed an appropriate communication, the Secretary will submit a stockholder communication to a chairman of a committee of the Board, or a particular director, as appropriate.

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Code of Ethics and Business Conduct

The Company has adopted the Vanda Pharmaceuticals Inc. Code of Ethics and Business Conduct that applies to all directors, officers and employees. This code is available in the Corporate Governance section of our corporate website at www.vandapharma.com. If we make any substantive amendments to this code or grant any waiver from a provision of the code to any applicable executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

Risk Oversight

Our Board oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. The general categories of risk overseen by the our Board include, without limitation, operational risk, commercial risk, clinical trial risk, capital risk, credit risk, earnings risk, liquidity risk, market risk, price risk, legal/compliance risk, cyber risk and reputational risk. Our Board performs this oversight role by using several different levels of review. In connection with its reviews of the operations and corporate functions of our Company, our Board provides oversight to address the primary risks associated with those operations and corporate functions. In addition, our Board reviews the risks associated with the Company's business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies.

Each committee of our Board also oversees the management of the Company's risk that falls within the committee's areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. Our Chief Financial Officer reports to the Audit Committee and is responsible for identifying, evaluating and implementing risk management controls and methodologies to address any identified risks. In connection with its oversight role, our Audit Committee meets privately with representatives from our independent registered public accounting firm and our Chief Financial Officer.

The oversight of risk within the Company is an evolving process requiring the Company to continually look for opportunities to further embed systematic enterprise risk management into ongoing business processes within the Company. The Board encourages management to continue to drive this evolution.

Employee Compensation Risks

As part of its oversight of the Company's executive compensation program, the Compensation Committee considers the impact of the Company's executive compensation program, and the incentives created by the compensation awards that it administers, on the Company's risk profile. In addition, the Company's human resources, finance and legal staff reviews the Company's compensation policies and procedures for all employees, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether such policies and procedures are reasonably likely to have a material adverse risk on the Company. The Compensation Committee has considered such review and has determined that, for all employees, our Company's compensation programs are not reasonably likely to have a material adverse effect on the Company.

Compensation of Directors

Our Board initially adopted a non-employee director compensation program in connection with our initial public offering and subsequently amended and restated such policy in June 2017. The table below sets forth the provisions of our current non-employee director compensation program.

| Term | Compensation |
|------------------------------------|--|
| Annual Cash Retainer(1) | \$45,000 |
| Chairman of Board(1) | Additional annual retainer of \$25,000 |
| Chair of Audit Committee(1) | Additional annual retainer of \$20,000 |
| Chair of Compensation Committee(1) | Additional annual retainer of \$17,500 |

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| Term | Compensation |
|--|---|
| Chair of Nominating/Corporate Governance Committee(1) | Additional annual retainer of \$10,000 |
| Non-Chair Member of Audit Committee(1) | Additional annual retainer of \$10,000 |
| Non-Chair Member of Compensation Committee(1) | Additional annual retainer of \$7,500 |
| Non-Chair Member of Nominating/Corporate Governance Committee(1) | Additional annual retainer of \$5,000 |
| Initial Option Grant | Option to purchase up to 35,000 shares of common stock(2) |
| Annual Option Grant | Option to purchase 10,000 shares of common stock following each annual meeting of stockholders(3) |
| Annual RSU Award | 5,000 shares of common stock underlying a time-based RSU award(4) |

- (1) All annual cash retainer fees are paid in four quarterly payments.
- (2) Option vests and becomes exercisable in equal monthly installments over a period of four years from the date of the grant.
- (3) Option vests and becomes exercisable with respect to 100% of the option shares on the one year anniversary of the date of grant.
- (4) RSU vests with respect to 100% of the underlying shares on the one year anniversary of the date of grant.

All stock option grants to non-employee directors will have an exercise price per share equal to the fair market value of one share of our common stock on the date of grant and will be subject to the terms of our Amended and Restated 2016 Equity Incentive Plan. Each option granted under our current non-employee director compensation program that is not fully vested will become fully vested upon a change in control of the Company and if the non-employee director's service terminates due to death.

We currently have a policy to reimburse our non-employee directors for travel, lodging and other reasonable expenses incurred in connection with their attendance at board and committee meetings.

2017 Director Compensation

The following table shows the compensation earned by each of our non-employee directors for the year ended December 31, 2017:

| Name | Fees earned or paid in cash | RSU awards(1) | Option awards(1) | Total |
|--------------------|--|--------------------------|-----------------------------|--------------|
| Kenneth M. Bate(2) | \$ 43,000 | \$ 68,750 | \$ 74,107 | \$ 185,857 |
| Michael F. Cola | \$ 47,667 | \$ 68,750 | \$ 74,107 | \$ 190,524 |
| Richard W. Dugan | \$ 57,667 | \$ 68,750 | \$ 74,107 | \$ 200,524 |
| Vincent J. Milano | \$ 61,083 | \$ 68,750 | \$ 74,107 | \$ 203,940 |
| H. Thomas Watkins | \$ 67,333 | \$ 68,750 | \$ 74,107 | \$ 210,190 |

- (1) Reflects the aggregate grant date fair value of RSUs or options granted during the fiscal year calculated in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 2 and Note 14 to our

audited consolidated financial statements included in the Annual Report. Our directors will not realize the estimated value of these awards until the awards are vested, with respect to option awards, exercised and the underlying shares are sold.

- (2) Mr. Bate has informed the Board he will not stand for re-election and his term will expire on June 13, 2018 following the Annual Meeting.

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The following table describes the options that we have granted to our non-employee directors that were outstanding as of December 31, 2017:

| Name | Date of Grant | Number of RSUs Granted | Number of Options Granted | Exercise Price per Share | Fair Value Per Share(1) | Aggregate Number of RSUs Outstanding as of December 31, 2017 | Aggregate Number of Options Outstanding as of December 31, 2017 |
|--------------------|-------------------|------------------------|---------------------------|--------------------------|-------------------------|--|---|
| Kenneth M. Bate(8) | December 17, 2015 | | 35,000 | \$ 9.38 | \$ 5.08 | | |
| | June 16, 2016 | | 15,000 | \$ 10.93 | \$ 5.87 | | |
| | June 15, 2017 | | 10,000 | \$ 13.75 | \$ 7.41 | | 60,000 (3) |
| | June 15, 2017 | 5,000 | | | \$ 13.75 | 5,000(2) | |
| Michael F. Cola | June 14, 2012 | | 35,000 | \$ 4.15 | \$ 2.52 | | |
| | June 20, 2013 | | 15,000 | \$ 8.39 | \$ 4.81 | | |
| | May 22, 2014 | | 15,000 | \$ 10.44 | \$ 6.00 | | |
| | June 18, 2015 | | 15,000 | \$ 13.03 | \$ 7.43 | | |
| | June 16, 2016 | | 15,000 | \$ 10.93 | \$ 5.87 | | |
| | June 15, 2017 | | 10,000 | \$ 13.75 | \$ 7.41 | | 105,000(4) |
| | June 15, 2017 | 5,000 | | | \$ 13.75 | 5,000(2) | |
| Richard W. Dugan | May 8, 2008 | | 15,000 | \$ 4.98 | \$ 3.16 | | |
| | August 27, 2009 | | 15,000 | \$ 14.78 | \$ 9.32 | | |
| | June 3, 2010 | | 15,000 | \$ 7.38 | \$ 4.62 | | |
| | June 16, 2011 | | 15,000 | \$ 7.11 | \$ 4.65 | | |
| | June 14, 2012 | | 15,000 | \$ 4.15 | \$ 2.52 | | |
| | June 20, 2013 | | 15,000 | \$ 8.39 | \$ 4.81 | | |
| | May 22, 2014 | | 15,000 | \$ 10.44 | \$ 6.00 | | |
| | June 18, 2015 | | 15,000 | \$ 13.03 | \$ 7.43 | | |
| | June 16, 2016 | | 15,000 | \$ 10.93 | \$ 5.87 | | |
| | June 15, 2017 | | 10,000 | \$ 13.75 | \$ 7.41 | | 145,000 (5) |
| | June 15, 2017 | 5,000 | | | \$ 13.75 | 5,000(2) | |
| Vincent J. Milano | April 21, 2010 | | 35,000 | \$ 10.89 | \$ 6.87 | | |
| | June 3, 2010 | | 15,000 | \$ 7.38 | \$ 4.62 | | |
| | June 16, 2011 | | 15,000 | \$ 7.11 | \$ 4.65 | | |
| | June 14, 2012 | | 15,000 | \$ 4.15 | \$ 2.52 | | |
| | June 20, 2013 | | 15,000 | \$ 8.39 | \$ 4.81 | | |
| | May 22, 2014 | | 15,000 | \$ 10.44 | \$ 6.00 | | |
| | June 18, 2015 | | 15,000 | \$ 13.03 | \$ 7.43 | | |
| | June 16, 2016 | | 15,000 | \$ 10.93 | \$ 5.87 | | |
| | June 15, 2017 | | 10,000 | \$ 13.75 | \$ 7.41 | | 150,000 (6) |
| | June 15, 2017 | 5,000 | | | \$ 13.75 | 5,000(2) | |
| H. Thomas Watkins | May 8, 2008 | | 15,000 | \$ 4.98 | \$ 3.16 | | |
| | August 27, 2009 | | 15,000 | \$ 14.78 | \$ 9.32 | | |

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| | | | | | | |
|---------------|-------|--------|----------|----------|----------|-------------|
| June 3, 2010 | | 15,000 | \$ 7.38 | \$ 4.62 | | |
| June 16, 2011 | | 15,000 | \$ 7.11 | \$ 4.65 | | |
| June 14, 2012 | | 15,000 | \$ 4.15 | \$ 2.52 | | |
| June 20, 2013 | | 15,000 | \$ 8.39 | \$ 4.81 | | |
| May 22, 2014 | | 15,000 | \$ 10.44 | \$ 6.00 | | |
| June 18, 2015 | | 15,000 | \$ 13.03 | \$ 7.43 | | |
| June 16, 2016 | | 15,000 | \$ 10.93 | \$ 5.87 | | |
| June 15, 2017 | | 10,000 | \$ 13.75 | \$ 7.41 | | 145,000 (7) |
| June 15, 2017 | 5,000 | | | \$ 13.75 | 5,000(2) | |

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- (1) Reflects the grant date fair value per share of RSUs and options granted calculated in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 2 and Note 14 to our audited consolidated financial statements included in the Annual Report.
- (2) No shares underlying the RSU were vested as of December 31, 2017.
- (3) 32,500 options were vested as of December 31, 2017.
- (4) 95,000 options were vested as of December 31, 2017.
- (5) 135,000 options were vested as of December 31, 2017.
- (6) 140,000 options were vested as of December 31, 2017.
- (7) 135,000 options were vested as of December 31, 2017.
- (8) Mr. Bate has informed the Board he will not stand for re-election and his term will expire on June 13, 2018 following the Annual Meeting.

Table of Contents**PROPOSAL 2****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board has selected PricewaterhouseCoopers LLP, an independent registered public accounting firm, as our independent auditors for the year ending December 31, 2018, and has further directed that management submit the selection of independent auditors for ratification by our stockholders at the Annual Meeting. PricewaterhouseCoopers LLP has audited our financial statements and has attested to the effectiveness of our internal control over financial reporting since we commenced operations in March 2003. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Bylaws nor other governing documents or laws require stockholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. However, the Audit Committee of the Board is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee of our Board in its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

In order for Proposal 2 to pass, holders of a majority of all those outstanding shares present in person or represented by proxy, and cast either affirmatively or negatively at the Annual Meeting must vote **FOR** Proposal 2. Abstentions and broker non-votes will be counted towards a quorum; however, they will not be counted either **FOR** or **AGAINST** the proposal and will have no effect on the proposal. Because the ratification of the appointment of the independent registered public accounting firm is a matter on which a bank, broker or other nominee is generally empowered to vote, no broker non-votes are expected to exist in connection with this matter.

Independent Registered Public Accounting Firm's Fees

The following table represents aggregate fees billed to Vanda for the years ended December 31, 2017 and 2016, by PricewaterhouseCoopers LLP, our principal accountant.

| | Year ended December 31, | |
|--------------------|--------------------------------|-------------------|
| | 2017 | 2016 |
| Audit fees(1) | \$ 703,343 | \$ 622,909 |
| Audit-related fees | | |
| Tax fees | | |
| All other fees | 3,600 | 3,600 |
| Total fees | \$ 706,943 | \$ 626,509 |

- (1) The fees billed or incurred by PricewaterhouseCoopers LLP for professional services rendered in connection with the annual audit of our consolidated financial statements and the effectiveness of internal control over financial reporting for the years ended December 31, 2017 and 2016 also include the review of our quarterly financial

statements included in our quarterly reports on Form 10-Q, statutory audits of our wholly owned foreign subsidiaries, the consents issued for our registration statements and the statements included in our filings with the SEC regarding our public offerings of common stock.

All fees described above were pre-approved by the Audit Committee in accordance with applicable SEC requirements.

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Pre-Approval Policies and Procedures

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services rendered by PricewaterhouseCoopers LLP, our independent registered public accounting firm. The Audit Committee can pre-approve specified services in defined categories of audit services, audit-related services and tax services up to specified amounts, as part of the Audit Committee's approval of the scope of the engagement of PricewaterhouseCoopers LLP or on an individual case-by-case basis before PricewaterhouseCoopers LLP is engaged to provide a service. All services rendered by PricewaterhouseCoopers LLP were pre-approved by the Audit Committee.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A *FOR* VOTE IN FAVOR OF PROPOSAL 2.

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AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with our management the audited consolidated financial statements of the Company and Management's Report on Internal Control over Financial Reporting in Item 9A included in the Annual Report.

The Audit Committee has also reviewed and discussed with PricewaterhouseCoopers LLP (PwC) the audited financial statements in the Annual Report. In addition, the Audit Committee discussed with PwC those matters required to be discussed with the auditors under Public Company Accounting Oversight Board (the PCAOB) Audit Standard No. 1301, *Communications with Audit Committees*. Additionally, PwC provided to the Audit Committee the written disclosures required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, and discussed with the Audit Committee PwC's independence.

Based upon the review and discussions described above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Annual Report for filing with the SEC. We have selected PwC as the Company's independent registered public accounting firm for the year ending December 31, 2018, and have approved submitting the selection of the independent registered public accounting firm for ratification by the stockholders.

Submitted by the following members of the Audit Committee:

Richard W. Dugan, Chairman

Michael F. Cola

Vincent J. Milano

The material in this Audit Committee Report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of Vanda under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information known to us regarding beneficial ownership of our common stock as of the Record Date by:

each person known by us to be the beneficial owner of more than 5% of any class of our voting securities;

our named executive officers;

each of our directors; and

all current executive officers and directors as a group.

The table below is based upon information supplied by executive officers, directors and principal stockholders and Schedule 13Gs and 13Ds filed with the SEC through the Record Date.

Percentage of shares beneficially owned is based on 52,110,701 shares of common stock outstanding as of the Record Date.

For purposes of the table below, we deem shares of common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of the Record Date and common stock subject to restricted stock unit awards (RSUs) that will vest within 60 days of the Record Date to be outstanding and to be beneficially owned by the person holding the options, warrants or RSUs for the purpose of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. Except as otherwise noted, the persons or entities in this table have sole voting and investing power with respect to all of the shares of common stock beneficially owned by them, subject to community property laws, where applicable.

| Name and address of beneficial owner(1) | Number of shares beneficially owned | Percentage of shares beneficially owned |
|--|--|--|
| 5% Stockholders (other than our executive officers and directors) | | |
| BlackRock, Inc.(2) | 4,568,159 | 8.8% |
| 55 East 52nd Street New York, NY 10055 | | |
| Palo Alto Investors, LLC(3) | 4,155,670 | 8.0% |
| 470 University Avenue Palo Alto, CA 94301 | | |
| The Vanguard Group(4) | 2,830,627 | 5.4% |

100 Vanguard Blvd.

Malvern, PA 19355

| | | |
|---------------------------|-----------|------|
| Armistice Capital, LLC(5) | 2,678,000 | 5.1% |
|---------------------------|-----------|------|

510 Madison Avenue, 22nd Floor

New York, NY 10022

Named Executive Officers and Directors

| | | |
|---|------------------|-------------|
| Kenneth M. Bate(6) | 51,875 | * |
| Gunther Birznieks(7) | 137,237 | * |
| Michael F. Cola(8) | 110,000 | * |
| Richard W. Dugan(9) | 155,770 | * |
| Richard L. Gulino(10) | 192,779 | * |
| James P. Kelly(11) | 529,742 | 1.0% |
| Vincent J. Milano(12) | 155,000 | * |
| Mihael H. Polymeropoulos, M.D.(13) | 2,350,892 | 4.5% |
| Gian Piero Reverberi(14) | 217,706 | * |
| H. Thomas Watkins(15) | 150,000 | * |
| All current directors and executive officers as a group (10 persons)(16) | 4,051,001 | 7.8% |

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- * Represents beneficial ownership of less than one percent of our outstanding common stock.
- (1) Unless otherwise indicated, the address for each beneficial owner is c/o Vanda Pharmaceuticals Inc., 2200 Pennsylvania Avenue, Suite 300E, Washington, D.C. 20037.
 - (2) Based on Schedule 13G/A filed on January 19, 2018 by BlackRock, Inc., this amount represents 4,568,159 shares held of record by BlackRock, Inc., including such shares held by BlackRock Fund Advisors.
 - (3) Based on the Schedule 13G/A filed on February 14, 2018, this amount represents 4,155,670 shares held of record by Palo Alto Investors, LLC (PAI). PAI is a registered investment advisor and is the general partner and investment advisor Palo Alto Healthcare Master Fund II, L.P. (Healthcare Master II) and other investment limited partnerships and is the investment advisor to other investment funds. PAI s clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock. No individual client other than Healthcare Master II separately holds more than five percent of the outstanding common stock. Healthcare Master II disclaims beneficial ownership of all the shares held by PAI. Dr. Patrick Lee, M.D. and Dr. Anthony Joonkyoo Yun, M.D., as co-managers of PAI, may be deemed to beneficially own the shares held by PAI. Dr. Lee and Dr. Yun disclaim beneficial ownership of all the shares held by PAI.
 - (4) Based on the Schedule 13G filed on February 9, 2018 by The Vanguard Group, this amount represents 2,830,627 shares held of record by the Vanguard Group, including such shares held by Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd.
 - (5) Based on the Schedule 13G filed on February 14, 2018 by Armistice Capital, LLC, Armistice Capital Master Fund Ltd. and Steven Boyd (the Reporting Persons), this amount represents 2,678,000 shares held of record by the Reporting Persons.
 - (6) Includes 46,875 shares subject to options exercisable within 60 days of the Record Date. Excludes 13,125 shares subject to options that are not exercisable within 60 days of the Record Date. Mr. Bate has informed the Board he will not stand for re-election and his term will expire on June 13, 2018 following the Annual Meeting.
 - (7) Includes 99,896 shares subject to options exercisable within 60 days of the Record Date. Excludes 150,417 shares subject to options that are not exercisable within 60 days of the Record Date and 102,500 shares of common stock underlying RSUs that do not vest within 60 days of the Record Date.
 - (8) Includes 105,000 shares subject to options exercisable within 60 days of the Record Date.
 - (9) Includes 130,000 shares subject to options exercisable within 60 days of the Record Date.
 - (10) Includes 170,206 shares subject to options exercisable within 60 days of the Record Date. Excludes 189,794 shares subject to options that are not exercisable within 60 days of the Record Date and 92,500 shares of common stock underlying RSUs that do not vest within 60 days of the Record Date. Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018.
 - (11) Includes 442,708 shares subject to options exercisable within 60 days of the Record Date. Excludes 159,792 shares subject to options that are not exercisable within 60 days of the Record Date and 112,500 shares of common stock underlying RSUs that do not vest within 60 days of the Record Date.
 - (12) Includes 150,000 shares subject to options exercisable within 60 days of the Record Date.
 - (13) Includes 1,353,020 shares subject to options exercisable within 60 days of the Record Date. Excludes 411,980 shares subject to options that are not exercisable within 60 days of the Record Date and 185,000 shares of common stock underlying RSUs that do not vest within 60 days of the Record Date.
 - (14) Includes 170,206 shares subject to options exercisable within 60 days of the Record Date. Excludes 189,794 shares subject to options that are not exercisable within 60 days of the Record Date and 92,500 shares of common stock underlying RSUs that do not vest within 60 days of the Record Date.
 - (15) Includes 145,000 shares subject to options exercisable within 60 days of the Record Date held by our current executive officers and directors.
 - (16) Includes 2,812,911 shares subject to options exercisable within 60 days of the Record Date held by our current executive officers and directors. Excludes 1,114,902 shares subject to options that are not exercisable within 60

days of the Record Date and 585,000 shares of common stock underlying RSUs that do not vest within 60 days of the Record Date.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, executive officers and certain holders of more than 10% of our common stock to file reports regarding their ownership and changes in ownership of our securities with the SEC, and to furnish us with copies of all Section 16(a) reports that they file.

Based solely upon a review of Forms 3, 4 and 5 and amendments thereto furnished to us and written representations provided to us by all of our directors and executive officers, we believe that during the year ended December 31, 2017, our directors, executive officers and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements.

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EXECUTIVE OFFICERS

The names of the current executive officers of Vanda and certain information about each of them as of the Record Date, are set forth below:

Executive Officers

Mihael H. Polymeropoulos, M.D. For biographical information, see Proposal 1: Election of Directors Nominees for Election as Class III Directors at the Annual Meeting.

James P. Kelly, age 52, has served as our Executive Vice President, Chief Financial Officer and Treasurer since February 2017 and as our Secretary since April 2018. Previously, Mr. Kelly served as our Senior Vice President, Chief Financial Officer and our Treasurer from December 2010 through February 2017 and our Secretary from December 2010 to September 2015. Prior to joining us, Mr. Kelly was Vice President and Controller at MedImmune, a biotechnology subsidiary of the AstraZeneca Group. Mr. Kelly joined MedImmune in 2006 as Director of Sales and Marketing Finance. From 2000 through 2005, Mr. Kelly was at Biogen Idec serving in research and development finance roles of increasing responsibility, most recently as the Director of Planning and Operations. From 1997 to 2000, Mr. Kelly was a member of the corporate finance team at Aetna Inc. which was responsible for mergers and acquisitions and treasury management. Mr. Kelly began his life sciences career in 1991 with Janssen Pharmaceuticals, a division of Johnson & Johnson. Mr. Kelly is a CFA charterholder and a member of the Association of Bioscience Financial Officers. He received his Bachelor of Sciences degree in Business Administration from the University of Vermont and his Master of Business Administration degree from Cornell University.

Richard L. Gulino, age 55, served as our Senior Vice President, General Counsel and Secretary from September 2015 to May 2, 2018. Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018. Prior to joining us, Mr. Gulino was Vice President and General Counsel of Ameritox, Ltd., a clinical drug testing laboratory, from June 2012 to August 2014. Mr. Gulino joined Ameritox in 2012 as its first General Counsel. From November 2006 to February 2012, Mr. Gulino was Vice President and Deputy General Counsel at Cephalon, Inc., a global biopharmaceutical company specializing in discovering, developing and marketing novel central nervous system, pain and oncology medications, where he led the corporate/commercial legal function. Mr. Gulino joined Cephalon as Corporate Counsel in 1999. From 1992 to 1999, Mr. Gulino served as a commercial attorney at Zeneca, Inc. Mr. Gulino began his legal career in private practice in Washington, D.C. Mr. Gulino received his Bachelor of Arts degree in history from Colgate University and his Juris Doctor degree with high honors from Duke University School of Law.

Gian Piero Reverberi, age 52, has served as our Senior Vice President, Chief Commercial Officer since April 2016 and served as our Senior Vice President, Acting Chief Commercial Officer and European General Manager from December 2015 to April 2016. Mr. Reverberi was previously our Senior Vice President and European General Manager from September 2015 to December 2015. Prior to joining us, Mr. Reverberi served as Senior Vice President, International Specialty Pharma at Shire Pharmaceuticals, with responsibility for Shire's specialty pharma business in EMEA, Canada, Australia, Japan, Asia Pacific and Latin America. In addition to his International Specialty Pharma responsibilities, from 2009 to 2013, Mr. Reverberi led Shire's Internal Medicine Global Business Unit where his responsibilities included the management of the U.S. Sales and Marketing teams. Prior to this position, he was General Manager, Italy at Shire. Before joining Shire, Mr. Reverberi spent 10 years with Eli Lilly in Italy and the U.S. where he held several commercial positions including Business Unit Director (Diabetes Care) in Italy, District Manager and Business Development Leader in the U.S. Earlier in his career, Mr. Reverberi held finance positions in the U.S. and Italy with both Eli Lilly and IBM. Mr. Reverberi received his degree in Economics and Business Administration from Sapienza University of Rome and a Master in Business Administration from SDA Bocconi in

Milan.

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Gunther Birznieks, age 49, has served as our Senior Vice President, Business Development since March 2017 and served as our Vice President, Head of Business Development from March 2010 to March 2017. Prior to March 2010, Mr. Birznieks held a number of positions within Vanda, including Clinical Program Head of the tasimelteon and VSF-173 programs, Head of Informatics and in Singapore as Head of Operations. Mr. Birznieks previously spent the majority of his career in the areas of healthcare and biomedical informatics including bioinformatics support for microarray and genotyping projects with the Human Genome Project at the National Human Genome Research Institute. Prior to joining us, Mr. Birznieks founded Extropia Pte. Ltd., a Singaporean company which specialized in business and investment banking applications. Mr. Birznieks has published four books on computer technologies as well as numerous articles and talks on information security, programming and software development life cycle. Mr. Birznieks received his Bachelor of Arts degree in psychology and his Masters of Science degree in computer science from Johns Hopkins University.

Table of Contents**COMPENSATION OF EXECUTIVE OFFICERS****Compensation Discussion and Analysis**

This section discusses the principles underlying our executive compensation decisions related to fiscal year 2017 and the most important factors relevant to an analysis of these decisions. It provides information regarding the manner and context in which compensation is awarded to and earned by our executive officers who are named in the 2017 Summary Compensation Table below, referred to herein as our named executive officers, and provides context and details regarding the data presented in the tables and other quantitative information that follows this section.

Our named executive officers for 2017 are:

| Named Executive Officer | Current Title | Relationship with Vanda |
|--------------------------------|--|---|
| Mihael H. Polymeropoulos, M.D. | President and Chief Executive Officer | President, Chief Executive Officer and a Director since co-founding Vanda in May 2003 |
| James P. Kelly | Executive Vice President, Chief Financial Officer, Treasurer and Secretary | Executive Vice President, Chief Financial Officer and Treasurer since March 2017; Secretary since April 2018; served as Senior Vice President, Chief Financial Officer, Treasurer from December 2010 through February 2017; served as Secretary from December 2010 through September 2015 |
| Gian Piero Reverberi | Senior Vice President, Chief Commercial Officer | Senior Vice President, Chief Commercial Officer since April 2016; served as Senior Vice President, Acting Chief Commercial Officer and European General Manager from December 2015 through April 2016; served as Senior Vice President and European General Manager from September 2015 through December 2015 |
| Richard L. Gulino | Senior Vice President, General Counsel | Senior Vice President, General Counsel from September 2015 to May 2018; Secretary from September 2015 to April 2018; Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018 |
| Gunther Birznieks | Senior Vice President, Business Development | Senior Vice President, Business Development since March 2017; served as Vice President, Head of Business Development from March 2010 to March 2017; served as Clinical Program Head of the tasimelteon program from 2004 to |

March 2010; served as Program Management of the VSF-173 program from 2006 to 2008; served as Head of Informatics from 2003 to 2008; served in Singapore as the Singapore Head of Operations from 2003 and continued in this role from the United States in 2004

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Executive Summary

The following provides a brief overview of the more detailed disclosure set forth in this Compensation Discussion and Analysis.

Business Performance Summary

Vanda is a global biopharmaceutical company focused on the development and commercialization of innovative therapies to address high unmet medical needs and improve the lives of patients. Key highlights of 2017 included:

Growth of total revenues to \$165.1 million for the full year 2017, compared to \$146.0 million for the full year 2016.

Net product sales of \$90.0 million for HETLIOZ[®] (tasimelteon) for the full year 2017, compared to \$71.7 million for the full year 2016.

Net product sales of \$75.1 million for Fanapt[®] (iloperidone) for the full year 2017, compared to \$74.3 million for the full year 2016.

Reached a pricing agreement for HETLIOZ[®] (tasimelteon) in October 2017 with the German National Association of Statutory Health Insurance Funds for the treatment of totally blind individuals with Non-24-Hour Sleep-Wake Disorder after an Arbitration Board decision.

Completed enrollment of a pharmacokinetic study of the HETLIOZ[®] pediatric liquid formulation in the fourth quarter of 2017.

Announced in September 2017 results from an 8-week randomized Phase II clinical study of tradipitant as a monotherapy in the treatment of chronic pruritus in patients with atopic dermatitis. Tradipitant was shown to improve the intensity of the worst itch patients experienced, as well as atopic dermatitis disease severity.

Entered into a license agreement in March 2017 with the University of California, San Francisco (UCSF) under which Vanda acquired an exclusive worldwide license from UCSF to develop and commercialize a portfolio of Cystic Fibrosis Transmembrane Conductance Regulator activators and inhibitors.

Cash, cash equivalents and marketable securities were \$143.4 million as of December 31, 2017, representing an increase to Cash of \$2.1 million during 2017.

Compensation Program Philosophy

Our Compensation Committee has determined that our executive compensation program generally targets the executive team's base salaries and total target cash compensation to the 50th percentile of similarly situated named executive officers at our peer group companies and the executive team's total equity compensation to approximately the 66th percentile of similarly situated named executive officers at our peer group companies, with the goal of achieving a total compensation mix targeting the 50th percentile of peer group companies over time. The components and target percentiles for our named executive officers is evaluated on a yearly basis by our Compensation Committee. Our Compensation Committee has the flexibility to adjust individual percentile positioning when making individual pay decisions for our named executive officers based on performance. Our Compensation Committee believes that these targets are aligned with competitive market practices, thus enabling us to recruit and retain the talent necessary for the Company to deliver on our business strategy. In addition, this competitive positioning allows for alignment with a pay-for-performance philosophy with premium levels of cash compensation only awarded for performance that exceeds target levels for pre-determined business and individual goals and equity awards that are a key component of the total rewards package. Our 2017 executive compensation program advances this philosophy.

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Objectives of Compensation Program

Our executive compensation program is designed to attract, as needed, individuals with the skills necessary for us to achieve our business plan, to reward those individuals fairly over time and to retain those individuals who continue to perform at or above our expectations.

Compensation Components

As is the case with most companies of our size and stage in the biopharmaceutical industry, our executive compensation program has three primary components – base salary, an annual cash incentive plan and equity awards.

Base Salary. We set the base salaries for each of our named executive officers at a level we believe enables us to hire and retain individuals in a competitive environment and rewards satisfactory individual performance and a satisfactory level of contribution to our overall business goals. We take into account the base salaries paid by similarly situated companies in our peer group and the other factors discussed below.

Cash Incentive Awards. We provide annual cash incentive awards that are based upon the achievement of corporate and individual performance goals established by our Compensation Committee. These cash incentive awards are designed to focus our named executive officers on achieving key clinical, regulatory, commercial, operational, strategic and/or financial objectives within a yearly time horizon, as described in more detail below.

Equity Awards. We grant time-based stock options and RSUs to reward long-term performance. These equity awards are intended to provide significant incentive value for each named executive officer if the Company's performance is outstanding and the named executive officer remains with the Company, and align named executive officer pay with long-term stockholder interests.

We view these primary components of our executive compensation program as related but distinct. While our Compensation Committee reviews total combined cash and equity compensation, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. Historically, we have utilized equity awards as the primary motivator in attracting and retaining named executive officers, and salary and cash incentive awards as secondary considerations. Our 2017 executive compensation program continued an effort begun in 2013 to reduce the executive team's total equity compensation to approximately the 66th percentile of similarly situated named executive officers at our peer group companies and increase the executive team's base salary and total cash compensation to a target aligned with the 50th percentile. As described above, the Committee retains the flexibility to adjust individual percentile positioning when making individual pay decisions for our named executive officers based on company and/or individual performance.

In addition to the primary components of compensation described above, we also provide our named executive officers with employee benefits that are generally available to all of our salaried employees. These benefits include health and medical benefits, flexible spending plan, matching 401(k) contributions and group life and disability insurance. In addition, we provide reimbursement for certain parking expenses and, in certain cases, allowance for travel expenses.

We have also entered into agreements with each of our named executive officers under which they are provided certain severance benefits in the event that their employment is terminated by the Company without cause or by the named executive officer for good reason, including following a change-in-control of the Company. We provide these benefits to help keep members of our management team focused on the Company's business and strategic plans even if the named executive officer were to face the distraction of potential employment termination or acquisition of the Company.

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Compensation Procedures

Our Compensation Committee's current policy is to annually review each of our named executive officers' cash compensation and equity holdings to determine whether they provide adequate incentives and motivation to our named executive officers and whether they adequately compensate our named executive officers relative to comparable officers in other similarly-sized biopharmaceutical companies. Compensation Committee meetings typically have included, for all or a portion of each meeting, not only the committee members but also our Chief Executive Officer and, from time to time, our Chief Financial Officer.

Our Compensation Committee also regularly meets in executive session without any of our officers or other employees present. For compensation decisions related to named executive officers other than our Chief Executive Officer, including decisions regarding the grant or award of equity compensation, our Compensation Committee solicits and considers the recommendations of our Chief Executive Officer.

Our Compensation Committee has the authority under its charter to select and retain, and is directly responsible for the appointment, compensation and oversight of, compensation consultants or any other third party it retains to assist in the evaluation of director and officer compensation as well as any other compensation matters. Our Compensation Committee has engaged Willis Towers Watson, a consulting firm specializing in executive compensation, as its independent compensation consultant. In connection with our Compensation Committee's 2017 named executive officer compensation decisions, Willis Towers Watson reviewed and advised on all principal aspects of our executive compensation program and performed the following services:

provided recommendations regarding the composition of the Company's peer group;

conducted a competitive assessment of the Company's then current executive compensation arrangements, including analyzing peer group proxy statements, compensation survey data, and other publicly available data; and

reviewed and advised on total compensation, including base salaries, and short- and long-term incentives, including equity awards.

Summary of Compensation Program Changes

The Compensation Committee requests comprehensive reviews by Willis Towers Watson of our compensation programs and practices from time to time and in connection with our yearly determination of executive compensation. As part of our transition from a non-commercial to commercial stage company, we updated our compensation philosophy, which had historically targeted cash compensation at the 25th percentile and equity compensation at the 75th percentile of peer group companies, with a total target compensation targeting the 50th percentile of peer companies, to reflect our current philosophy, which targets base cash compensation at the 50th percentile and long-term equity incentive compensation at the 66th percentile of peer group companies, with a total compensation mix targeting the 50th percentile of peer companies.

In 2017, our executives received annual base salary increases ranging from 3.0% to 19.2%. We believe these changes will enable us to continue to recruit, retain and engage the executive talent needed to execute on our strategic plan going forward while balancing pay for performance.

Peer Group

As discussed above, in an effort to provide competitive total compensation to our named executive officers in connection with our revised compensation philosophy, our Compensation Committee, in consultation with Willis Towers Watson, annually reviews our executive compensation program, including base salary, total cash compensation and equity awards, in part, based on compensation paid or awarded by a peer group of biopharmaceutical companies recommended by Willis Towers Watson and approved by our Compensation Committee.

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In identifying a peer group for us in March 2017 for purposes of providing data for use in connection with the development of our 2017 executive compensation program, Willis Towers Watson considered such factors as stage of product development and commercialization, product pipeline, location, market capitalization, revenue, employee headcount and therapeutic focus. The following 19 companies, which are referred to herein as our 2017 peer group, were selected:

| | | |
|-----------------------------------|-------------------------------|--------------------------------|
| Acorda Therapeutics Inc. | DepoMed Inc. | Retrophin, Inc. |
| AMAG Pharmaceuticals Inc. | Insys Therapeutics Inc. | Rockwell Medical, Inc. |
| Amarin Corp Plc | Lexicon Pharmaceuticals, Inc. | Spectrum Pharmaceuticals, Inc. |
| Ariad Pharmaceuticals, Inc. | MacroGenics, Inc. | Supernus Pharmaceuticals, Inc. |
| BioCryst Pharmaceuticals, Inc. | The Medicines Company | VIVUS Inc. |
| Concordia Healthcare Corp. | Pacira Pharmaceuticals, Inc. | |
| Corcept Therapeutics Incorporated | Pernix Therapeutics, Inc. | |

In identifying a peer group for us in December 2017 for purposes of providing data for use in connection with the development of our 2018 executive compensation program, Willis Towers Watson considered such factors as stage of product development and commercialization, product pipeline, location, market capitalization, revenue, employee headcount and therapeutic focus. The 18 companies set forth above constitute our 2018 peer group, which was the same as our 2017 Peer Group with the exception of Ariad Pharmaceuticals, Inc., which was acquired by Takeda Pharmaceutical Company Limited in February 2017.

Base Salary

In December 2016, in connection with its annual compensation review for purposes of setting 2017 executive compensation, our Compensation Committee reviewed the market data from the 2017 peer group contained in a Willis Towers Watson report and discussed with Dr. Polymeropoulos the Company's and each named executive officer's performance during 2016 and his recommendation regarding the base salary of the Company's named executive officers (other than himself) serving as of such date. Based on this review and our Compensation Committee's stated compensation philosophy, our Compensation Committee determined to increase the 2017 base salaries of its named executive officers as follows:

| Name | 2016 Base Salary | 2017 Base Salary | Percentage Increase |
|--------------------------------|------------------------|------------------------|------------------------|
| Mihael H. Polymeropoulos, M.D. | \$ 618,000 | \$ 675,000 | 9.2% |
| James P. Kelly | \$ 390,000 | \$ 465,000(1) | 19.2% |
| Gian Piero Reverberi | \$ 472,182(2) | \$ 486,553(2) | 3.0% |
| Richard L. Gulino(3) | \$ 325,000 | \$ 345,000 | 6.2% |
| Gunther Birznieks | \$ 300,000 | \$ 325,000 | 8.3% |

(1)

Mr. Kelly was promoted to Executive Vice President, Chief Financial Officer and Treasurer effective March 1, 2017.

- (2) Mr. Reverberi's employment agreement is denominated in Swiss francs. For the purposes of this disclosure, amounts shown have been converted to United States dollars based on a conversion rate of one Swiss franc to 1.0265 United States dollars, the exchange rate on December 31, 2017.
- (3) Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018.

In December 2017, in connection with its annual compensation review for purposes of setting 2018 executive compensation, our Compensation Committee reviewed the market data from the 2018 peer group contained in a

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Willis Towers Watson report and discussed with Dr. Polymeropoulos the Company's and each named executive officer's performance during 2017 and his recommendation regarding the base salary of the Company's named executive officers (other than himself) serving as of such date. For 2018, the Compensation Committee determined to make cost-of-living salary increases and an additional increase in the 2018 salary for Mr. Birznieks in order to align his total compensation with that of comparable positions within the 2018 peer group.

Based on this review and our Compensation Committee's stated compensation philosophy, our Compensation Committee determined to increase the 2018 base salaries of its named executive officers as follows:

| Name | 2017 Base Salary | 2018 Base Salary | Percentage Increase |
|--------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Mihael H. Polymeropoulos, M.D. | \$ 675,000 | \$ 700,000 | 3.7% |
| James P. Kelly | \$ 465,000(1) | \$ 479,000 | 3.0% |
| Gian Piero Reverberi | \$ 486,553(2) | \$ 500,924(2) | 3.0% |
| Richard L. Gulino(3) | \$ 345,000 | \$ 355,000 | 2.9% |
| Gunther Birznieks | \$ 325,000 | \$ 375,000 | 15.4% |

- (1) Mr. Kelly was promoted to Executive Vice President, Chief Financial Officer and Treasurer effective March 1, 2017.
- (2) Mr. Reverberi's employment agreement is denominated in Swiss francs. For the purposes of this disclosure, amounts shown have been converted to United States dollars based on a conversion rate of one Swiss franc to 1.0265 United States dollars, the exchange rate on December 31, 2017.
- (3) Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018.

Cash Incentive Awards

The target levels of the annual cash incentive awards for our named executive officers were initially established as part of their respective individual employment agreements. Each of these employment agreements provide that the named executive officer will receive an annual cash incentive award determined at the discretion of our Compensation Committee based on our Company's performance against its objectives and individualized objective and subjective criteria, with a target award amount equal to a percentage of their respective base salary. The award criteria are established by our Compensation Committee on an annual basis, and include specific qualitative and quantitative objectives, relating to the achievement of clinical, regulatory, commercial, business and/or financial milestones. Our Compensation Committee annually reviews the annual cash incentive target award percentage of each of our named executive officers.

At the end or following the conclusion of each fiscal year, our Compensation Committee evaluates the performance of each of our named executive officers with respect to the attainment of their individual objectives as well the Company's corporate objectives to determine the amount of their cash incentive awards for the year. The actual amount awarded is determined in the discretion of our Compensation Committee based on each named executive officer's level of performance. Historically, the actual amount awarded has been between 0 and 200% of the target award amount. As part of its implementation of our compensation philosophy, our Compensation Committee, following consultation with Willis Towers Watson, determined to implement a cap on our named executive officers annual cash incentive awards of 150% of their respective target amounts. The Compensation Committee determined

that the cap on annual cash incentive payouts may be exceeded in the event the Company's corporate performance exceeded goals with regard to most or all quantitative and qualitative criteria or in situations where the performance of named executive officers warrants exceeding such cap and is consistent with the Company's compensation philosophy, but would otherwise remain as the general guideline for a cap on annual cash compensation.

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In March 2018, when it undertook its review of our executive compensation arrangements, our Compensation Committee determined to leave the target award (as a percentage of salary) for each of our named executive officers unchanged from 2017. As such, the 2018 target award percentage for each of our named executive officers is as follows: Dr. Polymeropoulos: 80%; Mr. Kelly: 50%; Mr. Reverberi: 45%; and Mr. Birznieks: 40%. Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018.

The 2017 target total cash compensation of each of our Named Executive Officers was at or above the 50th percentile of the target total cash compensation of similarly situated officers of our peer group.

As noted above, the actual incentive cash awards for our named executive officers are determined at the discretion of our Compensation Committee based on our Company's performance against its objectives and individualized objective and subjective criteria. For 2017, the corporate objectives and individual objectives for Dr. Polymeropoulos approved by our Compensation Committee included:

commercialize HETLIOZ[®] for Non-24 in the U.S. and execute on EU HETLIOZ[®] commercial plan;

commercialize Fanapt[®] for schizophrenia in the U.S.;

support activities to enhance intellectual property portfolio of HETLIOZ[®] and Fanapt[®];

clinical and research activities in support of the long term growth of HETLIOZ[®], including advancing regulatory programs including Smith-Magenis Syndrome, Jet Lag Disorder and pediatric Non-24;

regulatory support of Fanapt[®] with label enhancements and non-U.S. regulatory planning;

advance tradipitant clinical development programs including tradipitant for the treatment of pruritus in patients with atopic dermatitis and for the treatment of gastroparesis

advance early stage programs and pursue partnership or other commercial opportunities; and

further develop core competencies to successfully implement a long-term growth plan for the Company. The 2017 individual objectives approved by our Compensation Committee for our named executive officers, other than Dr. Polymeropoulos, consisted of HETLIOZ[®] and Fanapt[®] clinical, regulatory and commercial, financial, product development, business development and personnel goals, which included:

James P. Kelly, Senior Vice President, Chief Financial Officer and Treasurer

Ensure timely SEC filings, support Audit Committee activities and maintain effective financial controls and

procedures

Manage operations consistent with the Company's 2017 budget and develop the long-range business plan

Oversee investment of cash within the Company's policy and lead financial strategy related to capital

Support commercialization of HET[®] and Fanapt[®] including through investment in Fanapt[®] field sales force and monitoring business metrics

Support analyst and investor relations and relationships with financial institutions

Evaluate current and potential business development opportunities

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Gian Piero Reverberi, Senior Vice President, Chief
Commercial Officer

Commercialize HETLIOZ[®] Non-24 in the U.S. and
Europe

Commercialize Fanapt[®] Schizophrenia in adults in
the U.S. and expand the U.S. sales and marketing
organization

Manage and enhance global commercial support
capabilities

Support development of the long-range business plan

Richard L. Gulino, Senior Vice President, General Counsel
and Secretary(1)

Manage Fanapt[®] abbreviated new drug application
litigation strategy

Support activities to enhance intellectual property
portfolio of HETLIOZ[®] and Fanapt[®]

Support commercialization of HETLIOZ[®] Fanapt[®]

Establish and support legal structure of European
business

Provide legal counsel on all relevant subject areas

Evaluate current and potential business development
opportunities

Gunther Birznieks, Senior Vice President, Business
Development

Manage business development strategy

Clinical and research activities related to advancing tradipitant pipeline relating to gastroparesis and pruritus

Prosecution and monitoring activities to enhance HETLIOZ[®] and Fanapt[®] intellectual property portfolios

Support Fanapt[®] abbreviated new drug application litigation

Manage relationships with third party intellectual property licensors

(1) Mr. Gulino tendered his resignation as an officer and employee of the Company on April 19, 2018, effective May 2, 2018.

Based on the Company's 2017 performance and the accomplishments of the Company and our named executive officers during the year, our Compensation Committee determined to award each of Dr. Polymeropoulos and Messrs. Kelly, Reverberi, Gulino and Birznieks cash incentive awards as set forth in the table below. The cash incentive awards were at 93% of target for each of our Named Executive Officers, other than Mr. Birznieks, who was at 150% of target, due to the fact that the 2017 corporate objectives and the individual 2017 objectives for each were satisfied in a manner that met most of the goals established by our Compensation Committee. With regard to Mr. Birznieks, the Compensation Committee considered his outstanding contributions relating to a number of the Company's ongoing business and strategic initiatives.

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As a result and as further described in the 2017 Summary Compensation Table below, in February 2018 our named executive officers were awarded the following incentive cash awards:

| Name | 2017 Target Award Amount | 2017 Actual Award | Percentage of Target Actually Awarded |
|--------------------------------|---------------------------------|--------------------------|--|
| Mihael H. Polymeropoulos, M.D. | \$ 540,000 | \$ 502,200 | 93% |