

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

KENNETH GORDON, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

VANDA PHARMACEUTICALS, INC., and
MIHAEL H. POLYMERPOULOS,

Defendants.

Civil Action No. 1:19-cv-01108-FB-LB

CLASS ACTION

**DECLARATION OF ERIC BLOW
REGARDING NOTICE
DISSEMINATION,
PUBLICATION, AND
REQUESTS FOR EXCLUSION
RECEIVED TO DATE**

I, Eric Blow, declare and state as follows:

1. I am a Project Manager employed by Epiq Class Action & Claims Solutions, Inc. (“Epiq”). The following statements are based on my personal knowledge and information provided by other Epiq employees working under my supervision and, if called on to do so, I could and would testify competently thereto.

2. Pursuant to the Court’s Order Preliminarily Approving Settlement and Providing for Notice, entered September 15, 2022, ¶9 (ECF 100-1) (“Notice Order”), Epiq was appointed the Administrator to supervise and administer the notice procedure in connection with the above-captioned litigation (the “Class Action”). I submit this Declaration in order to provide the Court and the parties to the Class Action with information regarding the mailing of the Court-approved Notice of Pendency and Proposed Settlement of Class Action (the “Notice”) and the Proof of Claim and Release form (the “Claim Form” and together with the Notice, the “Notice Packet”), as well as the publication of the Summary Notice and establishment of the website and toll-free telephone number dedicated to the

Settlement of this Class Action, in accordance with the Court's Notice Order (§12). I also submit this Declaration to report on the requests for exclusion from the Class received to date.

DISSEMINATION OF THE NOTICE PACKET

3. Pursuant to the Notice Order, Epiq was responsible for mailing the Notice Packet to potential Class Members. The Class consists of all persons and entities who purchased or otherwise acquired the common stock of Vanda Pharmaceuticals, Inc. ("Vanda" or the "Company") during the period from November 4, 2015 to February 11, 2019. Excluded from the Class are: Defendants, the officers and directors of Vanda at all relevant times, members of their immediate families, any entity in which any Defendant has or had a controlling interest, and the legal representatives, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to the requirements set forth in the Notice. Notice Order at ¶¶2-3.

4. Pursuant to the Court's September 15, 2022 preliminary approval order (ECF 100), page six of the Notice (left column second row under "Legal Rights and Options") was revised on September 20, 2022 to state that a Class Member may electronically file a Claim Form. Because Epiq condensed the Notice following preliminary approval in order to save space and reduce costs, the "Legal Rights and Options" information appears on the top of page three of the Notice that Epiq sent to potential Class Members and appears on the Settlement website.

5. On September 27, 2022, Epiq received from Class Counsel a Microsoft Excel file from Vanda's transfer agent, containing a list of shareholders of record of Vanda common stock. This list contained a total of 14 names and addresses. Epiq extracted the names and addresses from the list and, after data clean-up and de-duplication, there remained 14 unique names and addresses of potential Class Members.

6. Epiq loaded this data into a database created for the Class Action.

7. As the large majority of potential Class Members are beneficial purchasers whose securities are held in "street name," i.e., the securities are purchased by brokerage firms, banks, institutions and other third-party nominees in the name of the nominee, on behalf of the beneficial purchasers, the Notice Packet requested those who purchased or otherwise acquired the common stock

of Vanda during the Class Period for the beneficial interest of any person or entity other than themselves to either (i) within ten (10) business days of receiving the Notice Packet, provide a list of the names and last known addresses of all such beneficial owners to Epiq for Epiq to mail Notices, or (ii) within (7) calendar days of receiving the Notice Packet, request from Epiq sufficient copies of the Notice Packet to forward to all such beneficial owners and within 10 business days of receipt of such copies, forward them to all such beneficial owners.

8. Epiq maintains and updates a proprietary list of the largest and most common banks, brokers, and other nominees. At the time of the initial mailing, this list contained 1,047 mailing records.

9. Epiq thereafter formatted the Notice Packet and caused it to be printed, personalized with the name and address of each potential Class Member or nominee, posted for first-class mail, postage prepaid, and mailed to the potential Class Members and nominees on September 29, 2022 (the “Notice Date”).

10. On the Notice Date, a total of 1,061 Notice Packets were mailed to potential Class Members and nominees. A copy of the Notice Packet is attached hereto as Exhibit A.

11. Epiq has received additional names and addresses of potential Class Members from individuals and nominees, as well as requests from nominees for additional copies of the Notice Packet to forward directly to their customers. Accordingly, from the Notice Date through November 29, 2022, Epiq has mailed an additional 7,776 Notice Packets to potential Class Members whose names and addresses were received from individuals or nominees and another 26,273 Notice Packets, in bulk, to nominees who requested Notice Packets to forward to their customers. Epiq has responded to all such requests in a timely manner, and Epiq will continue to timely respond to any additional requests received.

12. As of November 29, 2022, an aggregate of 35,110 Notice Packets have been mailed to potential Class Members and nominees by first-class mail.¹

¹ Epiq has re-mailed 120 Notices to individuals and entities whose original mailings were returned by the U.S. Postal Service (“USPS”) and for whom or which updated addresses were provided to Epiq by the USPS or ascertained through a third-party information provider to which Epiq subscribes.

PUBLICATION OF THE SUMMARY NOTICE

13. The Court's Notice Order directed that the Summary Notice be published once in *The Wall Street Journal* and be transmitted over a national newswire service no later than fourteen (14) calendar days after the Notice Date (§11). Accordingly, the Summary Notice was published in *The Wall Street Journal* and transmitted over *PR Newswire* on October 7, 2022. Attached as Exhibit B are confirmations of publication, attesting to the publication in *The Wall Street Journal* and the transmission over *PR Newswire*.

CALL CENTER SERVICES

14. On September 29, 2022 (the same day that Epiq began mailing Notices), Epiq established and since then has continued to maintain a case-specific, toll-free telephone phone number (866-329-5443). The toll-free telephone number was set forth in the Notice Packet and on the Class Action website addressed below.

15. The toll-free telephone number connects callers with an Interactive Voice Recording ("IVR"). The IVR provides potential Class Members and others who call the toll-free telephone number access to pre-recorded information regarding the Class Action. The toll-free telephone number with pre-recorded information is available 24 hours a day, 7 days a week. Specifically, the pre-recorded message provides callers with a brief summary about the Class Action, as well as the option to select one of several more detailed recorded messages addressing frequently asked questions about the Class Action and Notice. The IVR also allows callers to request that a copy of the Notice be mailed to them or the caller may opt to speak live with a trained operator. Live operators are available Monday through Friday from 6:00 a.m. to 6:00 p.m. Pacific Time (excluding official holidays). During other hours, callers may leave a message for an agent to call them back.

WEBSITE

16. Epiq also established and is currently maintaining a website dedicated to this Class Action (www.VandaSecuritiesLitigation.com) to provide additional information to Class Members and to answer frequently asked questions. Visitors to the website can download the Notice, as well as other relevant documents (e.g., the Stipulation and Agreement of Settlement, the Court's Notice Order, and the Claim Form). The website address was set forth in the Notice Packet and Summary Notice. The

website became operational on September 28, 2022, and is accessible 24 hours a day, 7 days a week. As of November 29, 2022, Epiq has received 788 page hits to the website.

REPORT ON EXCLUSION REQUESTS RECEIVED TO DATE

17. As set forth in the Notice, Class Members who wished to be excluded from the Class were required to do so in writing so that the request was received no later than December 15, 2022. As of the date of this Declaration, Epiq has received no requests for exclusion.

STATEMENT ON THE MINIMAL CLAIM THRESHOLD

18. In Epiq's experience, settlements where distribution payments are less than \$10.00, tend to have disproportionately high follow-up rates, higher volume of uncashed checks resulting in a large number of reissues and often involve several subsequent distributions. Epiq, as the administrator, incurs expenses for the printing of checks; mailing of checks; voiding of checks that were misplaced or lost and the reissuing of checks. Epiq would therefore incur additional expenses in conducting outreach to claimants who have not cashed their checks or request a check reissue that is below the \$10.00 threshold. These additional expenses are charged to the settlement fund. Epiq is currently the administrator for dozens of other cases with court-approved distribution plans that institute a \$10.00 *de minimis* threshold.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on November 29, 2022, in Louisville, Kentucky.



Eric Blow

EXHIBIT A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

KENNETH GORDON, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

vs.

VANDA PHARMACEUTICALS, INC., and MIHAEL
H. POLYMERPOULOS,

Defendants.

Civil Action No. 1:19-cv-01108-FB-LB

CLASS ACTION

NOTICE OF PENDENCY AND PROPOSED
SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR ACQUIRED THE COMMON STOCK OF VANDA PHARMACEUTICALS, INC. (“VANDA” OR THE “COMPANY”) DURING THE PERIOD FROM NOVEMBER 4, 2015 TO FEBRUARY 11, 2019, INCLUSIVE

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) **POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE DECEMBER 28, 2022.**

- Court-appointed Lead Plaintiff, Teamsters Local Union No. 727 Pension Fund (“Lead Plaintiff”), has reached a proposed settlement in the amount of \$11,500,000 in cash (the “Settlement”) on behalf of the proposed Class. The Settlement will resolve all claims against the Released Persons (as defined below) in this proposed class action (the “Action”).
- The Settlement, if approved by the Court, will resolve claims in the Action that Defendants misrepresented and/or failed to disclose certain information in violation of the Securities Exchange Act of 1934. It will resolve all claims against all of the Defendants in the Action; provide a cash payment to Class Members who timely submit valid claims; and release the Released Persons from liability.
- The Court in charge of the Action still has to decide whether to approve the Settlement. Cash payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

SUMMARY OF THIS NOTICE

I. DESCRIPTION OF THE ACTION AND THE CLASS

This Notice relates to a proposed Settlement of claims in a pending securities class action lawsuit brought by investors alleging, among other things, that Defendants (set forth at page 5, note 2, below) violated the federal securities law by allegedly misrepresenting and/or failing to disclose alleged off-label promotion of Fanapt® and Hetlioz® and the status of clinical trials of tradipitant. The proposed Settlement, if approved by the Court, will settle claims of all persons and entities who purchased or otherwise acquired Vanda common stock from November 4, 2015 to February 11, 2019, inclusive, and were allegedly damaged thereby (the “Class”).

II. STATEMENT OF THE CLASS’S RECOVERY

Subject to Court approval, and as described more fully on page 6 below, Lead Plaintiff, on behalf of the proposed Class, has agreed to settle all claims in the Action in exchange for a cash payment of \$11,500,000 (the “Settlement Amount”). The claims that will be resolved by the Settlement include any and all claims (including Unknown Plaintiffs’ Claims as set forth below) that could have been asserted based on, arising from or relating to: (i) the purchase or acquisition of the common stock of Vanda during the Class Period; and (ii) any of the allegations, acts, transactions, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or

¹All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated May 5, 2022 (the “Stipulation”), which is available on the website for the Action at www.VandaSecuritiesLitigation.com.

referred to, in this Action, or which could have been alleged in this Action. The Settlement Amount will be deposited into an interest-bearing escrow account (the “Settlement Fund”). Based on the Plan of Allocation being proposed, the estimated average recovery for Vanda common stock in the Class is \$0.39 per share. Class Members should note, however, that the foregoing average recoveries are only estimates. A Class Member’s actual recovery will depend on several things, including: (1) the number of claims filed; (2) when, in what quantities and for how much Class Members purchased and/or acquired Vanda common stock during the Class Period; and (3) whether Class Members sold Vanda stock and, if so, when and for how much. The Net Settlement Fund (the Settlement Fund less taxes, tax expenses, notice and administration costs, attorneys’ fees and litigation expenses awarded to Lead Counsel and any award to Lead Plaintiff) will be distributed in accordance with a plan of allocation (the “Plan of Allocation”) that will be approved by the Court and will determine how the Net Settlement Fund shall be allocated to the Members of the Class. The proposed Plan of Allocation is included in this Notice (*see* page 12 below).

III. STATEMENT OF POTENTIAL OUTCOME OF THE CASE

The Settling Parties do not agree on whether Lead Plaintiff would have prevailed on its claims against the Defendants. Nor do they agree on the average amount of damages per share that might be recoverable if Lead Plaintiff were to prevail on the claims of the Class. Defendants deny that they have engaged in any wrongdoing as alleged by Lead Plaintiff, deny any liability whatsoever for any of the claims that Lead Plaintiff alleged in the Complaint, and deny that the price of Vanda common stock was artificially inflated by misstatements and omissions alleged by Lead Plaintiff. The issues on which the Settling Parties disagree include: (i) whether either of the Defendants failed to make required disclosures during the Class Period; (ii) whether or not Defendants’ conduct caused any harm to Class Members for which any damages could be recovered if Lead Plaintiff was to have prevailed on each claim alleged; (iii) the amounts by which the price of Vanda common stock was artificially inflated, if at all, during the Class Period; (iv) the extent to which external factors, such as general market, economic and industry conditions, influenced the trading price of Vanda common stock during the Class Period; (v) who, if anyone, can be included in the Class; (vi) the amount, if any, of any alleged damages suffered by purchasers or acquirers of Vanda common stock during the Class Period; and (vii) whether Defendants had other meritorious defenses to the alleged claims.

IV. STATEMENT OF ATTORNEYS’ FEES AND LITIGATION EXPENSES SOUGHT

Lead Counsel (as defined below) will apply to the Court for an award of attorneys’ fees from the Settlement Fund in an amount not to exceed one-third of the Settlement Amount and an award of litigation expenses incurred in connection with the prosecution and resolution of the Action, in an amount not to exceed \$250,000, plus interest on both amounts from the date of funding at the same rate as earned by the Settlement Fund. If the Court approves the attorneys’ fees and expense application in full, the average amount of fees and expenses will be approximately \$0.14 per share. In addition, Lead Counsel will apply for an award to the Lead Plaintiff in connection with its representation of the proposed Class pursuant to the Private Securities Litigation Reform Act of 1995, in an amount not to exceed \$10,000.

V. IDENTIFICATION OF ATTORNEYS’ REPRESENTATIVES

Lead Plaintiff and the Class are being represented by the Court-appointed Lead Counsel: Robbins Geller Rudman & Dowd LLP, 58 South Service Road, Suite 200, Melville, New York 11747, Telephone: 1-800-449-4900.

VI. REASONS FOR SETTLEMENT

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit of a substantial cash recovery for the Class. This benefit must be compared to the risk that no recovery or a smaller recovery might be achieved after the Court decides the pending motion for class certification, any summary judgment motions and after a contested trial and likely appeals are resolved, possibly years into the future. For the Defendants, who deny all allegations of liability and deny that any Class Members were damaged, it is desirable and beneficial that the Action be finally and fully settled in the manner and upon the terms and conditions set forth in the Settlement.

[END OF COVER PAGE]

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
ACTIONS YOU MAY PURSUE	EFFECT OF TAKING THIS ACTION
SUBMIT A PROOF OF CLAIM FORM BY MAIL OR ELECTRONICALLY, POSTMARKED (IF MAILED) AND RECEIVED (IF FILED ELECTRONICALLY) NO LATER THAN DECEMBER 28, 2022.	This is the only way to potentially get a payment from the Settlement.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 15, 2022.	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Defendants concerning the claims that were, or could have been, asserted in this case. It is also the <i>only</i> way for Class Members to remove themselves from the Class. If you are considering excluding yourself from the Class, please note that there is a risk that any new claims asserted against the Defendants may no longer be timely and would be time-barred. You should talk to a lawyer before you request exclusion from the Class for the purpose of bringing a separate lawsuit. See pages 8–9 below.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 15, 2022.	Write to the Court and explain why you do not like the Settlement, the proposed Plan of Allocation, and/or the request for attorneys’ fees and expenses. In order to object, you must remain a Member of the Class, may not exclude yourself, and will be bound by the Court’s determinations.
GO TO THE HEARING ON JANUARY 5, 2023 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 15, 2022.	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for attorneys’ fees and expenses. Remote access to the final settlement approval hearing shall be afforded to the public by telephone: (888) 363-4734, access code 4444221. This telephone number is afforded for people to listen but not to speak.
DO NOTHING.	You will not be eligible to receive a payment from the Settlement, you will give up your rights, and you will still be bound by the Settlement.

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

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QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or otherwise acquired Vanda common stock during the Class Period.

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If approved, the Settlement will end all of the Class's claims against the Defendants. The Court will consider whether to approve the Settlement at a Settlement Hearing on January 5, 2023 at 10:00 a.m. If the Court approves the Settlement, and after any appeals are resolved and the Settlement administration is completed, the claims administrator appointed by the Court will make the payments that the Settlement allows.

The Court in charge of the case is the United States District Court for the Eastern District of New York, and the case is known as *Gordon v. Vanda Pharmaceuticals, Inc., et al.*, No. 1:19-cv-01108-FB-LB (E.D.N.Y.). This case was assigned to United States Magistrate Judge Lois Bloom. The company who is suing is called "Lead Plaintiff" and the company and person being sued are called "Defendants."

2. What is this lawsuit about and what has happened so far?

Lead Plaintiff's claims in the Action are stated in the Amended Complaint dated July 23, 2019 (the "Complaint"). Lead Plaintiff alleged that Defendants² violated the Securities Exchange Act of 1934 (the "Exchange Act").

On March 23, 2020, Defendants moved to dismiss the Complaint. On March 10, 2021, the Court issued an order granting in part and denying in part Defendants' motion to dismiss, dismissing claims against three former Vanda executives who were named as defendants in the Complaint and sustaining claims against Vanda and Dr. Polymeropoulos. On April 23, 2021, Defendants filed an answer to the Complaint and asserted a number of defenses thereto.

During fact discovery, the parties produced and reviewed over 494,000 pages of documents and completed four depositions.

On October 29, 2021, Lead Plaintiff filed a motion for class certification, which was fully briefed by the parties and remained under submission at the time the parties reached an agreement in principle to settle the Action.

The parties participated in a mediation of the Action before Jed D. Melnick, Esq., a nationally recognized mediator, and thereafter reached an agreement to settle the claims raised in the Action pursuant to the terms and provisions of the Stipulation, subject to approval by the Court.

The Settling Parties entered into the Stipulation on May 5, 2022. On September 15, 2022, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Lead Plaintiff on behalf of the Class) sue on behalf of people or entities, known as "Class Members," who have similar claims. A class action allows one court to resolve in a single case many similar claims that, if brought separately by individuals, might be so small that they would not be economical to litigate and thus would never be brought. One court resolves the issues for all class members, except for those who exclude themselves, or "opt out," from the Class (*see* pages 8–9 below).

4. Why is there a settlement?

The Court has not decided the Action in favor of Lead Plaintiff or the Defendants. The Settlement will end all the claims against the Defendants in the Action and avoid the uncertainties and costs of further litigation and any future trial. Assuming the Settlement is approved, affected investors will be eligible to receive compensation once the claims made against the Net Settlement Fund are validated and calculated.

² The Defendants are Vanda and its Chief Executive Officer, Mihael H. Polymeropoulos.

As described above, Lead Plaintiff, through Lead Counsel, conducted an extensive investigation of the claims and underlying events and transactions relating to the Action, including a review and analysis of more than 494,000 pages of produced documents. Further, Lead Plaintiff and Lead Counsel participated in protracted and hard-fought arm's-length negotiations and a mediation before an experienced mediator prior to entering into the Settlement.

The Defendants deny all allegations of liability contained in the Complaint and deny that they are liable to the Class. The Settlement should not be seen as an admission or concession on the part of the Defendants regarding the truth or validity of the allegations or claims in the Action, the lack of merit of any defenses or affirmative defenses, or their fault or liability for alleged damages by any Member of the Class.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement?

The Court has issued an Order, for the purposes of the Settlement only, that everyone who fits the following description, and is not excluded by definition from the Class (*see* Question 6 below), is a Member of the Class, or a "Class Member," unless they take steps to exclude themselves:

All persons and entities who purchased or otherwise acquired Vanda common stock between November 4, 2015 and February 11, 2019, inclusive, and who were allegedly damaged thereby (the "Class Period").

Receipt of this Notice does not mean that you are a Class Member. Please check your records or contact your broker to see if you purchased or otherwise acquired Vanda common stock during the Class Period as described above.

6. Are there exceptions to being included in the Class?

There are some people who are excluded from the Class by definition. Excluded from the Class are Defendants, the officers and directors of Vanda at all relevant times, members of their immediate families, any entity in which any Defendant has or had a controlling interest, and the legal representatives, heirs, successors-in-interest or assigns of any such excluded party.

You are a Class Member only if you (or your broker on your behalf) directly purchased or otherwise acquired Vanda common stock during the Class Period as described above, or if you are a legal representative, heir, successor or assign of someone who did so.

7. What if I am not sure if I am included?

If you are not sure whether you are included, you can ask for free help by writing to or calling the Claims Administrator: *Vanda Securities Litigation*, Claims Administrator, P.O. Box 4419, Portland, OR 97208-4419, within the U.S. and Canada: 1-866-329-5443, or outside the U.S. and Canada: 1-503-597-5122, www.VandaSecuritiesLitigation.com. You can also fill out and return the Proof of Claim and Release form ("Proof of Claim") described on page 7, in Question 10, to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU MAY RECEIVE

8. What does the Settlement provide?

In the Settlement, Defendants have agreed to pay or cause to be paid \$11,500,000 in cash, which will be deposited in an interest-bearing escrow account for the benefit of the Class (the "Settlement Fund"). The Settlement Fund will be divided, after deduction of Court-awarded attorneys' fees and expenses, any award to Lead Plaintiff, settlement administration costs and any applicable taxes and tax expenses, among all Class Members who timely submit valid Proofs of Claim that are accepted for payment by the Court ("Authorized Claimants").

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

9. How much will my payment be?

The Plan of Allocation, discussed on pages 12–14 below, explains how the Net Settlement Fund will be allocated among purchasers and/or acquirers of Vanda common stock and how claimants’ “Recognized Losses” will be calculated. Your share of the Net Settlement Fund will depend on several things, including: (i) the quantity of Vanda common stock you bought or otherwise acquired; (ii) how much you paid for such stock; (iii) when you bought or otherwise acquired such stock; (iv) whether or when you sold such stock (and, if so, for how much you sold it); and (v) the amount of Recognized Losses of other Authorized Claimants.

It is unlikely that you will get a payment for your entire Recognized Loss, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment any Authorized Claimant will get will be their *pro rata* share of the Net Settlement Fund based on the Plan of Allocation approved by the Court. In general, an Authorized Claimant’s share will be his, her or its Recognized Loss divided by the total of all Authorized Claimants’ Recognized Losses and then multiplied by the total amount in the Net Settlement Fund. See the Plan of Allocation beginning on page 12 for more information.

HOW YOU GET A PAYMENT – SUBMITTING A PROOF OF CLAIM

10. How can I get a payment?

To qualify for a payment, you must timely send in a valid Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents). A Proof of Claim is enclosed with this Notice. You may also get copies of the Proof of Claim on the Internet at the following website: www.VandaSecuritiesLitigation.com. Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it to the Claims Administrator by First-Class Mail, **postmarked on or before December 28, 2022**. *The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine if you are eligible to receive a distribution from the Net Settlement Fund.*

Any Class Member who fails to submit a Proof of Claim by the date identified above shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to the Stipulation unless, by order of the Court or the discretion of Lead Counsel, late-filed Proofs of Claim are accepted, but shall in all other respects be bound by all the terms of the Settlement, including the terms of the Judgment and all releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Released Person concerning the Released Claims.

11. When would I get my payment?

The Court will hold a hearing on January 5, 2023 at 10:00 a.m. to decide whether to, among other things, approve the Settlement and the proposed Plan of Allocation. All Proofs of Claim must be submitted to the Claims Administrator, **postmarked on or before December 28, 2022**. If the Court approves the Settlement, there may still be appeals, which would delay payment, perhaps for more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up by staying in the Class?

Unless you exclude yourself, you will stay in the Class, which means that as of the date that the Settlement becomes effective under the terms of the Stipulation (the “Effective Date”), you will forever give up and release all “Released Claims” (as defined below) against the “Released Persons” (as defined below). You will not in the future be able to bring a case asserting any Released Claim against any Released Person.

(a) “Related Parties” means each of a Defendant’s respective present and former parents, subsidiaries, divisions, controlling persons, associates, entities and affiliates and the respective present and former employees, members, partners, principals, officers, directors, controlling shareholders, agents, attorneys, advisors, accountants, auditors, consultants, and insurers of each of them; and the predecessors, successors, estates, heirs, executors, trusts, trustees, administrators, agents, representatives and assigns of each of them, in their capacity as such.

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

(b) “Released Claims” means any and all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including Unknown Plaintiffs’ Claims as set forth below) that could have been asserted in any forum, whether foreign or domestic, whether based on or arising under federal, state, local, or foreign statutory or common law, rule or regulation, whether fixed or contingent, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, whether direct, representative, class or individual in nature, based on, arising from or relating to: (i) the purchase or acquisition of the common stock of Vanda during the Class Period; and (ii) any of the allegations, acts, transactions, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or referred to, in this Action, or which could have been alleged in this Action. Released Claims does not include claims to enforce the Settlement.

(c) “Released Persons” means each and all of the Defendants and their Related Parties.

(d) “Releasing Plaintiff Party” or “Releasing Plaintiff Parties” means Lead Counsel, and each and every plaintiff, Class Member, and counsel to any plaintiff, and each of their respective past or present trustees, officers, directors, partners, employees, contractors, accountants, auditors, principals, agents, attorneys, predecessors, successors, assigns, representatives, affiliates, insurers, parents, subsidiaries, general or limited partners or partnerships, and limited liability companies; and the spouses, members of the immediate families, representatives, and heirs of any Releasing Plaintiff Party who is an individual, as well as any trust of which any Releasing Plaintiff Party is the settlor or which is for the benefit of any of their immediate family members. Releasing Plaintiff Parties does not include any Person who timely and validly sought exclusion from the Class.

(e) “Unknown Plaintiffs’ Claims” means any Released Claims which Lead Plaintiff, Class Members, Defendants, or Releasing Plaintiff Parties do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision with respect to this Settlement, including, without limitation, any decision not to object to this Settlement or seek exclusion from the Class. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly waive and each of the Class Members and Releasing Plaintiff Parties shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Lead Plaintiff shall expressly waive and each of the Class Members and Releasing Plaintiff Parties shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiff, Class Members, and Releasing Plaintiff Parties may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly settle and release and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Class Members and Releasing Plaintiff Parties shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential element of the Settlement of which this release is a part.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you want to keep any right you may have to sue or continue to sue the Released Persons on your own about the Released Claims, then you must take steps to exclude yourself from the Class. Excluding yourself is known as “opting out” of the Class. The Defendants may withdraw from and terminate the Settlement if potential Class Members who purchased or acquired in excess of a certain amount of Vanda common stock opt out of the Class.

If you timely and properly request exclusion from the Class, you will retain any rights you have to sue the Defendants yourself with respect to the Released Claims to the extent those claims are viable under the statute of limitations applicable to claims under the Exchange Act. You should note that if you exclude yourself from the Class, you may forfeit any claims you may have against the Defendants and Released Persons relating to your

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

purchases or acquisitions of Vanda common stock during the Class Period to the extent the five-year statute of repose under the Exchange Act has expired. Before you decide to request exclusion from the Class, you are urged to consult your counsel, at your own expense, to fully evaluate your rights and the consequences of excluding yourself from the Class.

13. How do I “opt out” (exclude myself) from the proposed Settlement?

To “opt out” (exclude yourself) of the Class, you must deliver or mail a signed letter by First-Class Mail stating that you “request exclusion from the Class in *Gordon v. Vanda Pharmaceuticals, Inc., et al.*, No. 1:19-cv-01108-FB-LB (E.D.N.Y.)” Your letter **must** state the date(s), price(s) and number of shares of your purchases and acquisitions of Vanda common stock during the Class Period. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and signature. You must submit your request for exclusion addressed to *Vanda Securities Litigation*, Claims Administrator, EXCLUSIONS, P.O. Box 4419, Portland, OR 97208-4419. The request for exclusion must be **received on or before December 15, 2022. You cannot exclude yourself or opt out by telephone or by email.** Your request for exclusion must comply with these requirements in order to be valid. If you are excluded, you will not be eligible to get any payment from the Settlement proceeds and you cannot object to the Settlement, the proposed Plan of Allocation or the application for attorneys’ fees and expenses.

14. If I do not exclude myself, can I sue the Defendants and the other Released Persons for the same thing later?

No. Unless you exclude yourself, you give up any rights you may have to sue the Defendants and the other Released Persons for all Released Claims. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case **immediately**. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is December 15, 2022.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money, as any such Proof of Claim will be rejected.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The law firm of Robbins Geller Rudman & Dowd LLP was appointed to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for the services of these lawyers. The Court will determine the amount of Lead Counsel’s fees and expenses. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel have not received any payment for their services in pursuing the claims against the Defendants on behalf of the Class since the Action was commenced in 2019, nor have they been paid to this point for any of their litigation expenses. At the Settlement Hearing described below, or at such other time as the Court may order, Lead Counsel will ask the Court to award them, from the Settlement Fund, attorneys’ fees of no more than one-third of the Settlement Amount and litigation expenses that they have incurred in pursuing the Action in an amount not to exceed \$250,000, plus interest on both amounts from the date of funding at the same rate earned by the Settlement Fund. Lead Counsel will also request an award to Lead Plaintiff pursuant to the Private Securities Litigation Reform Act of 1995 in connection with its representation of the Class, in an amount not to exceed \$10,000.

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I do not like something about the proposed Settlement?

If you are a Class Member and do not exclude yourself (“opt out”) in accordance with Question 13 above, you can object to any part of the Settlement, the proposed Plan of Allocation, and/or the application by Lead Counsel for attorneys’ fees and expenses and request for an award to Lead Plaintiff. You must write to the Court setting out your objection, giving reasons why you think the Court should not approve any part or all of the Settlement, the proposed Plan of Allocation, or the attorneys’ fee and expense request.

To object, you must send a signed letter stating that you object to the proposed Settlement in the case known as *Gordon v. Vanda Pharmaceuticals, Inc., et al.*, No. 1:19-cv-01108-FB-LB (E.D.N.Y.). Any objections must: (i) state the name, address, and telephone number of the objector and must be signed by the objector; (ii) state that the objector is objecting to the proposed Settlement, Plan of Allocation, or application for attorneys’ fees or expenses in this Action; (iii) state the objection(s) and the specific reasons for each objection, including any legal and evidentiary support the objector wishes to bring to the Court’s attention; (iv) include documents sufficient to prove the objector’s membership in the Class, such as the number of shares of Vanda common stock purchased or acquired during the Class Period, as well as the dates and prices of each such purchase or acquisition; and (v) identify all other objections the objector and/or the objector’s counsel has made to any other class action. The Court will consider a Class Member’s objection only if the Class Member has complied with the above requirements.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will not be able to appear separately at the Settlement Hearing or to make any objection to the Settlement, the proposed Plan of Allocation, and/or the application for attorneys’ fees and expenses. If you elect to “opt out,” you will not be entitled to share in the Settlement proceeds and will not have a right to make an objection to the Settlement, proposed Plan of Allocation and/or the application for attorneys’ fees and expenses.

Your objection must be filed with the United States District Court for the Eastern District of New York by hand or by mail such that it is **received on or before December 15, 2022**, at the address set forth below. You must also serve the papers on Lead Counsel and Defendants’ Counsel at the addresses set forth below so that the papers are **received on or before December 15, 2022**.

COURT:

CLERK OF THE COURT
United States District Court
Eastern District of New York
United States Courthouse
225 Cadman Plaza East
Brooklyn, NY 11201

LEAD COUNSEL:

ROBBINS GELLER RUDMAN
& DOWD LLP
Michael G. Capeci
58 South Service Road, Suite 200
Melville, NY 11747

COUNSEL FOR DEFENDANTS:

PAUL, WEISS, RIFKIND, WHARTON
& GARRISON LLP
Audra J. Soloway
1285 Avenue of the Americas
New York, NY 10019

19. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can still recover from the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no right to object because the Action no longer affects you and you are no longer a Member of the Class.

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

THE COURT'S SETTLEMENT HEARING

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Hearing at 10:00 a.m. on January 5, 2023, in the United States District Court for the Eastern District of New York, United States Courthouse, 225 Cadman Plaza East, Brooklyn, NY 11201. Remote access to the final settlement approval hearing shall be afforded to the public by telephone: (888) 363-4734, access code 4444221. This telephone number is afforded for people to listen but not to speak. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. The Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and Lead Counsel's application for attorneys' fees and expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out above in the answer to Question 18. We do not know how long it will take the Court to make these decisions.

You should also be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Lead Counsel will answer any questions the Court may have. However, you are welcome to come at your own expense. If you validly submit an objection, it will be considered by the Court. You do not have to come to Court to talk about it.

22. May I speak at the hearing and submit additional evidence?

If you file an objection, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 18 above) a statement that it is your "notice of intention to appear in *Gordon v. Vanda Pharmaceuticals, Inc., et al.*, No. 1:19-cv-01108-FB-LB (E.D.N.Y.)." Persons who object and want to present evidence at the Settlement Hearing must also include in their written objection the identity of any witness they may call to testify and exhibits they intend to introduce at the Settlement Hearing. You cannot speak at the hearing if you exclude yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 18.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants and the Released Persons about the Released Claims in this case. To be eligible to share in the Net Settlement Fund you must submit a Proof of Claim (*see* Question 10). To start, continue or be a part of any other lawsuit against the Defendants and the other Released Persons about the Released Claims in this case you must exclude yourself from this Class (*see* Question 13).

GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement and the lawsuit?

This Notice summarizes the proposed Settlement. More details are in the Stipulation, dated as of May 5, 2022. You may review the Stipulation filed with the Court and all documents filed in the Action during business hours at the Office of the Clerk of the United States District Court for the Eastern District of New York, United States Courthouse, 225 Cadman Plaza East, Brooklyn, NY 11201.

You also can call the Claims Administrator within the U.S. and Canada: 1-866-329-5443, or outside the U.S. and Canada call: 1-503-597-5122; call Lead Counsel Robbins Geller Rudman & Dowd LLP at: 1-800-449-4900 or by email at settlementinfo@rgrdlaw.com; write to *Vanda Securities Litigation*, Claims Administrator, P.O. Box 4419, Portland, OR 97208-4419; or visit the website www.VandaSecuritiesLitigation.com, where you can download copies of this Notice and the Proof of Claim. Please do not call the Court, the Defendants or their counsel with questions about the Settlement.

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

PLAN OF ALLOCATION OF NET SETTLEMENT FUND

The Net Settlement Fund will be distributed to Class Members who, in accordance with the terms of the Stipulation, are entitled to a distribution from the Net Settlement Fund pursuant to any Plan of Allocation or any order of the Court and who submit a valid and timely Proof of Claim under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have an overall net loss on all of your transactions in Vanda securities during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel have conferred with their damages expert and developed a Plan of Allocation that reflects an assessment of the damages that they believe could have been recovered by Class Members had Lead Plaintiff prevailed at trial.

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to its Recognized Claim, as defined below. If, however, and as is more likely, the amount in the Net Settlement Fund is not sufficient to permit payment of the Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total Recognized Claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The Plan of Allocation was developed based on an event study analysis, which determines how much artificial inflation was allegedly included in the price of Vanda common stock on each day during the Class Period by measuring how much the price declined as a result of disclosures that allegedly corrected the alleged misrepresentations and omissions. In this case, Lead Plaintiff alleges that the truth relating to the tradipitant allegations was concealed from August 1, 2018, and disclosed on February 5, 2019, after the market closed. Following this disclosure, on February 6, 2019, according to Lead Plaintiff's expert, Vanda's stock price declined \$4.97 per share, net of market and industry factors. According to Lead Plaintiff's expert, this price decline was statistically significant. Furthermore, Lead Plaintiff alleges that the truth relating to the Fanapt® and Hetlioz® allegations was concealed from November 4, 2015, and disclosed on February 11, 2019. Following this disclosure, on February 11, 2019, according to Lead Plaintiff's expert, Vanda's stock price declined \$1.06 per share, net of market and industry factors. According to Lead Plaintiff's expert, this price decline was also statistically significant.

Based on the above, the Recognized Loss amounts will be calculated as follows:

For shares of Vanda common stock purchased or acquired from November 4, 2015, through February 11, 2019, inclusive, and:

- I. Sold from November 4, 2015, through February 10, 2019, inclusive, the Recognized Loss per share shall be the lesser of:
 - a. the inflation per share in Table A at the time of purchase less the inflation per share in Table A at the time of sale; or
 - b. the difference between the purchase price per share and the sales price per share.
- II. Sold on February 11, 2019, at a sales price of \$18.95 per share (Vanda's February 10, 2019 closing price) or above, the Recognized Loss per share shall be the lesser of:
 - a. the inflation per share in Table A at the time of purchase less the inflation per share in Table A at the time of sale; or
 - b. the difference between the purchase price per share and the sales price per share.
- III. Sold on February 11, 2019, at a sales price below \$18.95 per share (Vanda's February 8, 2019 closing price), the Recognized Loss per share shall be the lesser of:
 - a. the inflation per share in Table A at the time of purchase; or
 - b. the difference between the purchase price per share and the sales price per share.
- IV. If sold from February 12, 2019, through May 10, 2019, inclusive, the Recognized Loss per share shall be the least of:
 - a. the inflation per share in Table A at the time of purchase;
 - b. the difference between the purchase price per share and the sales price per share; or
 - c. the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in Table B below.

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- V. If retained at the close of trading on May 10, 2019, the Recognized Loss per share shall be the lesser of:
- the inflation per share in Table A at the time of purchase; or
 - the difference between the purchase price per share and \$18.23 per share (the 90-day average Vanda closing price following the final corrective disclosure).

TABLE A:

Purchase Period	Inflation
November 4, 2015 through July 31, 2018	\$1.06
August 1, 2018 through February 5, 2019	\$6.03
February 6, 2019 through February 11, 2019	\$1.06

Table B:

Date	Closing Price	Average Closing Price from February 11, 2019 Through Sale Date	Date	Closing Price	Average Closing Price from February 11, 2019 Through Sale Date
2/11/2019	\$18.00	\$18.00	3/28/2019	\$18.78	\$19.17
2/12/2019	\$18.41	\$18.21	3/29/2019	\$18.40	\$19.15
2/13/2019	\$18.42	\$18.28	4/1/2019	\$18.36	\$19.13
2/14/2019	\$20.12	\$18.74	4/2/2019	\$18.17	\$19.10
2/15/2019	\$21.11	\$19.21	4/3/2019	\$18.30	\$19.08
2/19/2019	\$20.14	\$19.37	4/4/2019	\$18.60	\$19.07
2/20/2019	\$20.36	\$19.51	4/5/2019	\$18.85	\$19.06
2/21/2019	\$20.03	\$19.57	4/8/2019	\$18.42	\$19.05
2/22/2019	\$20.80	\$19.71	4/9/2019	\$17.93	\$19.02
2/25/2019	\$20.64	\$19.80	4/10/2019	\$17.90	\$18.99
2/26/2019	\$20.16	\$19.84	4/11/2019	\$17.55	\$18.96
2/27/2019	\$20.62	\$19.90	4/12/2019	\$17.67	\$18.93
2/28/2019	\$20.24	\$19.93	4/15/2019	\$17.41	\$18.90
3/1/2019	\$20.22	\$19.95	4/16/2019	\$17.42	\$18.86
3/4/2019	\$19.84	\$19.94	4/17/2019	\$16.64	\$18.82
3/5/2019	\$19.75	\$19.93	4/18/2019	\$16.65	\$18.77
3/6/2019	\$19.15	\$19.88	4/22/2019	\$16.79	\$18.73
3/7/2019	\$18.75	\$19.82	4/23/2019	\$17.31	\$18.70
3/8/2019	\$18.58	\$19.75	4/24/2019	\$16.82	\$18.67
3/11/2019	\$18.98	\$19.72	4/25/2019	\$16.62	\$18.63
3/12/2019	\$18.87	\$19.68	4/26/2019	\$17.16	\$18.60
3/13/2019	\$19.06	\$19.65	4/29/2019	\$17.19	\$18.57
3/14/2019	\$18.64	\$19.60	4/30/2019	\$16.29	\$18.53
3/15/2019	\$18.29	\$19.55	5/1/2019	\$16.00	\$18.49
3/18/2019	\$18.22	\$19.50	5/2/2019	\$15.79	\$18.44
3/19/2019	\$18.35	\$19.45	5/3/2019	\$15.89	\$18.39
3/20/2019	\$17.90	\$19.39	5/6/2019	\$16.50	\$18.36
3/21/2019	\$18.44	\$19.36	5/7/2019	\$16.07	\$18.32
3/22/2019	\$17.59	\$19.30	5/8/2019	\$16.12	\$18.29
3/25/2019	\$17.76	\$19.25	5/9/2019	\$16.35	\$18.26
3/26/2019	\$18.16	\$19.21	5/10/2019	\$16.28	\$18.23
3/27/2019	\$18.35	\$19.19			

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

The date of a purchase, acquisition or sale is the “contract” or “trade” date, not the “settlement” date. For Class Members who held Vanda common stock at the beginning of the Class Period or made multiple purchases, acquisitions or sales during the Class Period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of Vanda common stock during the Class Period will be matched, in chronological order, first against shares of common stock held at the beginning of the Class Period. The remaining sales of common stock during the Class Period will then be matched, in chronological order, against common stock purchased or acquired during the Class Period.

A claimant’s “Recognized Claim” under the Plan of Allocation will be the sum of his, her, or its Recognized Loss Amounts. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a “Distribution Amount” will be calculated for each Authorized Claimant, which will be the Authorized Claimant’s Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net overall loss, after all profits from transactions in all Vanda common stock described above during the Class Period are subtracted from all losses. However, the proceeds from sales of common stock that have been matched against the common stock held at the beginning of the Class Period will not be used in the calculation of such net loss.

If there is any balance remaining in the Net Settlement Fund after a reasonable period of time after the date of the initial distribution of the Net Settlement Fund, Lead Counsel shall, if feasible, reallocate (which reallocation may occur on multiple occasions) such balance among Authorized Claimants in an equitable and economic fashion. Thereafter, any *de minimis* balance that still remains in the Net Settlement Fund will be donated to the Humane Society.

Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Proof of Claim. The Court has reserved jurisdiction to hear an appeal by any Class Member of the Claims Administrator’s determination regarding a Class Member’s claim and to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. Defendants, their respective counsel, and all other Related Parties will have no responsibility or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation or the payment of any claim. No Person shall have any claim against the Lead Plaintiff, Lead Counsel, any claims administrator, or other agent designated by Lead Counsel, or Defendants or Defendants’ Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

25. What if I bought Vanda common stock on someone else’s behalf?

If you purchased or otherwise acquired Vanda common stock during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN TEN (10) BUSINESS DAYS OF YOUR RECEIPT OF THIS NOTICE, you must either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or otherwise acquired Vanda common stock during the Class Period (preferably in an MS Excel, .CSV, or .TXT format), setting forth (i) title/registration, (ii) street address, and (iii) city/state/ZIP; (b) provide computer-generated mailing labels; or (c) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within ten (10) business days of receipt of such copies send them by First-Class Mail, postage prepaid, directly to the beneficial owners of those shares of Vanda common stock.

If you choose to follow alternative procedure (c), the Court has directed that, upon such mailing, you shall send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expenses and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid after request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

Vanda Securities Litigation
Claims Administrator
P.O. Box 4419
Portland, OR 97208-4419
Phone within the U.S. and Canada: 1-866-329-5443
Phone outside the U.S. and Canada: 1-503-597-5122

info@VandaSecuritiesLitigation.com
www.VandaSecuritiesLitigation.com

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION OR QUESTIONS ABOUT THE TERMS OF THE SETTLEMENT. INSTEAD, PLEASE DIRECT ALL QUESTIONS TO LEAD COUNSEL AND/OR THE CLAIMS ADMINISTRATOR, AS DIRECTED IN QUESTION 24 ABOVE.

DATED: September 15, 2022

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

QUESTIONS? PLEASE CALL 1-866-329-5443 OR OUTSIDE U.S. AND
CANADA CALL 1-503-597-5122 OR VISIT www.VandaSecuritiesLitigation.com

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

KENNETH GORDON, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

vs.

VANDA PHARMACEUTICALS, INC., and MIHAEL
H. POLYMERPOULOS,

Defendants.

Civil Action No. 1:19-cv-01108-FB-LB

CLASS ACTION

PROOF OF CLAIM AND RELEASE

I. GENERAL INSTRUCTIONS

1. To recover as a Member of the Class based on your claims in the action entitled *Gordon v. Vanda Pharmaceuticals, Inc., et al.*, No. 1:19-cv-01108-FB-LB (E.D.N.Y.) (the “Action”), you must complete and, on page 6 hereof, sign this Proof of Claim and Release form (“Proof of Claim”). If you fail to submit a timely and properly addressed (as set forth in paragraph 3 below) Proof of Claim, your claim may be rejected and you may not receive any recovery from the Net Settlement Fund created in connection with the proposed Settlement.

2. Submission of this Proof of Claim, however, does not assure that you will share in the proceeds of the Settlement of the Action.

3. YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED PROOF OF CLAIM, ACCOMPANIED BY COPIES OF THE DOCUMENTS REQUESTED HEREIN, NO LATER THAN DECEMBER 28, 2022, ADDRESSED AS FOLLOWS:

Vanda Securities Litigation
Claims Administrator
P.O. Box 4419
Portland, OR 97208-4419
www.VandaSecuritiesLitigation.com

If you are NOT a Member of the Class, as defined in the Notice of Pendency and Proposed Settlement of Class Action (“Notice”), DO NOT submit a Proof of Claim.

4. If you are a Member of the Class and you do not timely request exclusion in response to the Notice, you are bound by the terms of the Settlement and any judgment entered in the Action, including the releases provided therein, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.

II. CLAIMANT IDENTIFICATION

If you purchased or acquired Vanda Pharmaceuticals, Inc. (“Vanda”) common stock and held the certificate(s) in your name, you are the beneficial purchaser or acquirer as well as the record purchaser or acquirer. If, however, you purchased or acquired Vanda common stock and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser or acquirer and the third party is the record purchaser or acquirer.

Use Part I of this form entitled “Claimant Identification” to identify each beneficial purchaser or acquirer of Vanda common stock that forms the basis of this claim, as well as the purchaser or acquirer of record if different. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR ACQUIRER(S) OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OR ACQUIRER(S) OF THE VANDA COMMON STOCK UPON WHICH THIS CLAIM IS BASED.

All joint purchasers or acquirers must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this claim on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

III. CLAIM FORM

Use Part II of this form entitled “Schedule of Transactions in Vanda Common Stock” to supply all required details of your transaction(s) in Vanda common stock. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to **all** of your purchases or acquisitions and **all** of your sales of Vanda common stock that took place during the period from November 4, 2015 through and including May 10, 2019, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to **all** of the Vanda common stock you held at the close of trading on November 3, 2015 and May 10, 2019. Failure to report all such transactions may result in the rejection of your claim.

List each transaction separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase of Vanda common stock. The date of a “short sale” is deemed to be the date of sale of Vanda common stock.

Copies of broker confirmations or other documentation of your transactions in Vanda common stock should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All claimants **MUST** submit a manually signed paper Proof of Claim whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-329-5443 to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
Gordon v. Vanda Pharmaceuticals, Inc., et al.

No. 1:19-cv-01108-FB-LB

PROOF OF CLAIM AND RELEASE

Must Be Postmarked (if Mailed) or Received (if Filed Electronically) No Later Than:

December 28, 2022

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's First Name [] MI [] Beneficial Owner's Last Name []

Co-Beneficial Owner's First Name [] MI [] Co-Beneficial Owner's Last Name []

Entity Name (if Beneficial Owner is not an individual) []

Representative or Custodian Name (if different from Beneficial Owner[s] listed above) []

Address 1 (street name and number) []

Address 2 (apartment, unit or box number) []

City [] State [] ZIP Code [] - []

Country []

Last four digits of Social Security Number or Taxpayer Identification Number []

Telephone Number (Day) [] - [] - []

Telephone Number (Evening) [] - [] - []

Email address (Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim) []

Account Number (where securities were traded) []

Claimant Account Type (check appropriate box)

- Individual
- Joint
- Corporation
- IRA/401K
- Pension Plan
- Other _____ (please specify)
- Estate
- Trust

YOU MUST READ AND SIGN THE RELEASE ON PAGE 6. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.

IV. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim under the terms of the Stipulation and Agreement of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Eastern District of New York, with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim (including transactions in other Vanda securities) if requested to do so. I (We) have not submitted any other claim covering the same purchases, acquisitions or sales of Vanda common stock during the Class Period and know of no other person having done so on my (our) behalf.

V. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, and discharge from the Released Claims each and all of the “Released Persons,” defined as each and all of the Defendants and their Related Parties. “Related Parties” means each of a Defendant’s respective present and former parents, subsidiaries, divisions, controlling persons, associates, entities and affiliates and the respective present and former employees, members, partners, principals, officers, directors, controlling shareholders, agents, attorneys, advisors, accountants, auditors, consultants, and insurers of each of them; and the predecessors, successors, estates, heirs, executors, trusts, trustees, administrators, agents, representatives and assigns of each of them, in their capacity as such.

2. “Released Claims” means any and all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including Unknown Plaintiffs’ Claims as set forth below), that could have been asserted in any forum, whether foreign or domestic, whether based on or arising under federal, state, local, or foreign statutory or common law, rule or regulation, whether fixed or contingent, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, whether direct, representative, class or individual in nature, based on, arising from or relating to: (i) the purchase or acquisition of the common stock of Vanda during the Class Period; and (ii) any of the allegations, acts, transactions, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or referred to in this Action, or which could have been alleged in this Action. Released Claims does not include claims to enforce the Settlement.

3. “Unknown Plaintiffs’ Claims” means any Released Claims which Lead Plaintiff, Class Members, or Releasing Plaintiff Parties do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision with respect to this Settlement, including, without limitation, any decision not to object to this Settlement or seek exclusion from the Class. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly waive and each of the Class Members and Releasing Plaintiff Parties shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Lead Plaintiff shall expressly waive and each of the Class Members and Releasing Plaintiff Parties shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiff, Class Members, and Releasing Plaintiff Parties may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly settle and release and each Class Member and Releasing Plaintiff Party, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or

additional facts. Lead Plaintiff acknowledges, and the Class Members and Releasing Plaintiff Parties shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential element of the Settlement of which this release is a part.

4. This release shall be of no force or effect unless and until the Court approves the Stipulation and Agreement of Settlement and the Settlement becomes effective on the Effective Date (as defined in the Stipulation and Agreement of Settlement).

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included the information requested about all of my (our) transactions in Vanda common stock that are the subject of this claim, which occurred during the Class Period as well as the opening and closing positions in such securities held by me (us) on the dates requested in this Proof of Claim.

7. I (We) certify that I am (we are) not subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code. (Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the prior sentence.)

I declare under penalty of perjury under the laws of the United States of America that all of the foregoing information supplied on this Proof of Claim by the undersigned is true and correct.

Executed this _____ day of _____
(Month/Year)

in _____
(City) (State/Country)

[Empty rectangular box for signature]

(Sign your name here)

[Empty rectangular box for name]

(Type or print your name here)

[Empty rectangular box for capacity]

(Capacity of person(s) signing,
e.g., Beneficial Purchaser or Acquirer, Executor
or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and declaration.
2. If this claim is being made on behalf of Joint Claimants, then both must sign.
3. Remember to attach copies of supporting documentation, if available.
4. **Do not send** originals of certificates.
5. Keep a copy of your Proof of Claim and all supporting documentation for your records.
6. If you desire an acknowledgment of receipt of your Proof of Claim, please send it Certified Mail, Return Receipt Requested.
7. If you move, please send your new address to:

Vanda Securities Litigation
Claims Administrator
P.O. Box 4419
Portland, OR 97208-4419
8. **Do not use red pen or highlighter** on the Proof of Claim or supporting documentation.

THIS PROOF OF CLAIM MUST BE SUBMITTED ONLINE OR, IF MAILED, POSTMARKED NO LATER THAN DECEMBER 28, 2022 ADDRESSED AS FOLLOWS:

Vanda Securities Litigation
Claims Administrator
P.O. Box 4419
Portland, OR 97208-4419
www.VandaSecuritiesLitigation.com

EXHIBIT B

CONFIRMATION OF PUBLICATION

IN THE MATTER OF: *Vanda Securities Litigation*

I, Kathleen Komraus, hereby certify that

- (a) I am the Media & Design Manager at Epiq Class Action & Claims Solutions, a noticing administrator, and;
- (b) The Notice of which the annexed is a copy was published in the following publications on the following dates:

10.7.2022 – Wall Street Journal
10.7.2022 – PR Newswire

X *Kathleen Komraus*

(Signature)

Media & Design Manager

(Title)

BUSINESS NEWS

Conagra Predicts Relief on Food Costs

By PATRICK THOMAS AND DEAN SEAL

Conagra Brands Inc. expects the soaring transportation and raw-material costs that have helped drive up food prices over the past year will moderate in the coming months, company officials said.

Sean Connolly, Conagra's chief executive, said the cost of some meats, edible oils and shipping expenses are starting to ease, bringing some relief to companies' balance sheets.

"We are seeing some commodities moderating; we are seeing some actually improve,"

Mr. Connolly said in an interview.

The effects for Conagra won't be immediate, he said, and while some of the industry's supply-chain challenges are also improving, problems are still popping up that could dent the company's sales volumes in coming months. Conagra expects an inflation rate in the low teens for its 2023 fiscal year, weighted toward the first half of the year, company officials said.

Sales at the Chicago food manufacturer, which makes Healthy Choice frozen meals, Slim Jim meat sticks and Reddi-

wip cream, have remained strong to date as the company charged customers more, while its material, freight and labor costs have surged. Conagra said on Thursday that sales were up 9.5% to \$2.9 billion for the three months that ended Aug. 28.

Food inflation is running at the highest rate in more than 40 years as companies pass along steep cost increases to a customer base that is tightening its purse strings. Consumers have begun pulling back on some purchases of more premium products, such as expensive cuts of beef.

Mr. Connolly said packaged-food companies, such as Conagra, tend to capture more consumer spending during periods when consumers watch their buying habits at the grocery store. He said that Conagra is also continuing to hire, even as other companies cut costs.

Sales from the company's frozen- and refrigerated-foods business increased nearly 10% to \$1.2 billion in the quarter, while its snacks segment grew about 11% to \$1.2 billion. Higher prices, along with a shift in the mix of items sold, added 14.3% to the sales gain, Conagra said. That came as the cost of goods

sold jumped 10% from a year ago, and sales volume declined 4.6%.

Grocery prices in the U.S. overall were 13.5% higher in August than they were a year before, marking the steepest jump since March 1979, while the price of eating out rose 8%, according to the latest data from the Labor Department.

High inflation and industry-wide supply-chain constraints are still a problem for food manufacturers, company officials said, but showing signs of improvement. "Service levels have materially improved," said Mr. Connolly, speaking on a

conference call discussing Conagra's quarterly results. "No, it's not flawless."

Overall for the quarter, Conagra posted a loss of \$77.5 million, or 16 cents a share, in its fiscal first quarter, compared with a profit of \$235.4 million, or 49 cents, a year ago.

The loss included \$386 million in goodwill and brand-impairment charges, largely associated with the company's Birds Eye frozen vegetable brand. Adjusted for that and other items, Conagra said per-share earnings were 57 cents, above what Wall Street analysts were expecting, according to FactSet.

Shell Sees Drag On Profit From Refining, LNG

By JENNY STRASBURG

Shell PLC said it expects its third-quarter earnings to be hit by lower refining margins along with "significantly lower" profit from trading gas, as a global scramble for energy supplies riles markets.

The London-based company said Thursday in a trading update that pricing and cost swings from shortfalls of liquefied natural gas would likely cut into profit from its huge gas business, typically its biggest cash generator. But Shell said its overall marketing profit from trading oil and other products was higher in the third quarter compared with the previous quarter.

Shares of Shell fell 3% in London. The company is set to report full third-quarter earnings later this month.

The tempered outlook reflects how the world's biggest oil-and-gas companies are navigating highly profitable but turbulent markets in the wake of Russia's invasion of Ukraine. The war has precipitated a global struggle to secure enough gas to heat homes and keep power plants and factories running—worries that are particularly acute in Europe.

The third-quarter update comes after Shell and its peers have posted consecutive quarters of record profits this year, driven by strong demand and soaring commodity prices. The bumper earnings have enabled the industry to pay out tens of billions of dollars in share buybacks and dividends, and drawn scrutiny from governments, consumers and manufacturing trade groups at a time when Europe is bracing for a likely recession.

In a sign of how the energy crisis is whipsawing costs for major oil companies, Shell said fuel-refining costs would hurt its third-quarter results by \$1 billion to \$1.4 billion compared with the second quarter. The company said its indicative refining margin—a measure of the difference between crude-oil prices and product yields globally—fell 46% to \$15.03 a barrel in the period. That was down from \$28.04 a barrel in the second quarter, a margin that was nearly three times the first-quarter level.

Shell won't be alone, analysts said. Global oil-refining profit margins declined in the third quarter as growing concerns about the economy caused product prices to fall



Shell and its peers have posted consecutive quarters of record profits this year, thanks to strong demand and high commodity prices.

more steeply than oil prices.

"The concerns over shortages started to alleviate, overwhelmed by fears of a coming recession," said Alan Gelder, vice president of refining, chemicals and oil markets at energy consulting firm Wood Mackenzie. "This is coming for all of the refiners."

However, Mr. Gelder said U.S. refinery margins have held up better than in Europe, so U.S. majors and smaller North American refiners might see a smaller third-quarter decline.

Lower global refining margins will continue in the fourth quarter, said Mukesh Sahdev,

head of downstream and oil-trading analysis at Rystad Energy, a consulting firm. "Seasonally, Q4 is time for demand decline in key fuels," including gasoline, diesel and jet fuel, he said. European refiners have the additional burden of high utility costs, driven by soaring gas prices, Mr. Sahdev added.

Shell also said it expects that its chemical-refining business lost money in the third quarter, as measured by the negative margins on each ton processed, amid rising prices for raw materials and other costs. That is expected to slice between \$300 million and \$600

million off third-quarter adjusted earnings compared with the second quarter in its chemicals and products business.

Russia has increasingly choked off gas supplies it sends to Europe, and leaks in two currently closed natural-gas pipelines to the region have added to the uncertainty. The resulting market turmoil as Europe and Asia compete for natural gas has led to rising costs for companies like Shell, the world's largest LNG trader, as it moves the fuel around the world.

The European energy crisis has sparked fierce competition

for natural-gas tankers, analysts say.

Traders say suppliers are paying record daily-usage rates for LNG tankers up to \$400,000, compared with an average \$250,000 a day last year, according to Sanford C. Bernstein analyst Oswald Clint. Additionally, a surge in deliveries of LNG to Europe and capacity constraints at facilities that convert that fuel back into gas are further boosting gas-delivery costs to the continent.

◆ Heard on the Street: A wild card in Shell portfolio..... B12

Costco Waits on Price Cuts Even as Freight Rates Slide

By JENNIFER WILLIAMS-ALVAREZ

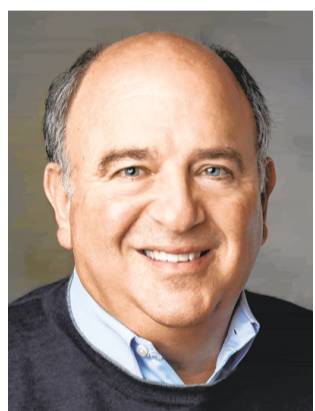
Shipping and commodities prices have logged steady declines recently, but Costco Wholesale Corp. isn't yet in a position to pass savings on to customers, the retailer's chief financial officer said.

Pricing at Costco's 839 global warehouse stores hasn't decreased, according to CFO Richard Galanti, despite the lower prices for shipping goods and for commodities like gasoline and steel. Costco in some cases locked in prices it pays to suppliers months ago and inflationary pressures from rising labor costs persist, which means the drops in shipping and commodities prices aren't necessarily benefiting the company's balance sheet yet.

"It takes time for changes to come through," Mr. Galanti said.

Trans-Pacific shipping rates have plummeted in recent months as the global economic outlook has weakened. The daily freight rate to move a container across the Pacific is now \$2,265, compared with \$13,706 at the beginning of the year and \$20,586 in September 2021, according to the Freightos Baltic Index, an international freight rate reading. At the same time, certain commodity prices have been on the decline—for instance, the global benchmark for oil was down more than 20% in the third quarter—offering some relief for Costco.

A company's freight costs vary depending on whether they are fixed by contract for a period or based on spot-market rates that can change more quickly. Issaquah, Wash.-based Costco, which is known for selling discounted bulk goods to paying members, uses contract rates for more than 80% of its total freight,



CFO Richard Galanti

Mr. Galanti estimated to analysts in December. The length of contracts as well as the company's ability to renegotiate the terms of its agreements also affect the retailer's freight costs, he said. Mr. Galanti declined to comment Tuesday on whether Costco is working to renegotiate its freight contracts.

It can take anywhere from six months to a year before lower shipping costs translate into falling prices for consumers, said Chuck Grom, a managing director at Gordon Haskett Research Advisors. Higher costs in other business areas can delay price drops even longer.

Hourly employees, which account for about 90% of Costco's workers, earn more than \$25 an hour on average in the U.S., according to Mr. Galanti, following a string of pay increases over the past 18 months. The company looks to attract and retain workers in competitive job markets, such as Seattle, said Mr. Galanti. These cost pressures will persist, as wages don't tend to come down once they have gone up, Mr. Galanti said. Costco had around 285,000 employees at the end of June.

Still, there is some relief on inflationary pressures, Mr.

Galanti said. "Hopefully, that will mean that we will be able to bring down prices," he said. "Inflation continues to be a factor. We will have to wait and see." Costco reported absorbing price inflation of around 8% in the quarter ended Aug. 28, up from 7%-plus in the previous quarter and a range of 3.5% to 4.5% a year earlier.

Costco continues to stick to fixed prices for certain items, for example, its hot dog and soda combo for \$1.50 and its rotisserie chicken at \$4.99.

"You're still not in that environment where they're going to start lowering prices," said Rupesh Parikh, a senior analyst at investment banking firm Oppenheimer & Co., noting recent price increases for croissants and bottled water sold at Costco. Price increases have also hit food court items such as individual sodas and whole pizzas because of rising costs, Mr. Galanti said earlier this year.

Revenue rose 15% to around \$72 billion during the quarter ended Aug. 28 compared with the prior-year period. Net income increased to \$1.87 billion from \$1.67 billion. Comparable sales, or those from stores and digital channels operating for at least 12 months, rose nearly 14%. E-commerce increased 7.1% over the same period.

Costco has a loyal consumer base—global membership renewal rates at the end of August were around 90%, the company said—and strong bargaining power with suppliers because of the volumes of product it orders, according to Mr. Parikh. This means that despite the inflationary backdrop, Costco is "extremely well positioned for this environment."

—Nina Trentmann contributed to this article.

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CLASS ACTION

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

KENNETH GORDON, Individually and on Behalf of All Others Similarly Situated,
Plaintiff,

vs.
VANDA PHARMACEUTICALS, INC., and MIHAEL H. POLYMERPOULOS,
Defendants.

Civil Action No. 1:19-cv-01108-FB-LB
CLASS ACTION
SUMMARY NOTICE

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR ACQUIRED THE COMMON STOCK OF VANDA PHARMACEUTICALS, INC. ("VANDA") DURING THE PERIOD FROM NOVEMBER 4, 2015 TO FEBRUARY 11, 2019, INCLUSIVE

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Eastern District of New York, that a hearing will be held on January 5, 2023 at 10:00 a.m., before the Honorable Lois Bloom, United States Magistrate Judge, at the United States District Court for the Eastern District of New York, United States Courthouse, 225 Cadman Plaza East, Brooklyn, NY 11201, for the purpose of determining: (1) whether the proposed Settlement of the above-captioned Action, as set forth in the settlement agreement reached between the parties, consisting of Eleven Million Five Hundred Thousand Dollars (\$11,500,000.00) in cash, should be approved as fair, reasonable, and adequate to the Members of the Class; (2) whether the release by Class Members of claims as set forth in the settlement agreement should be authorized; (3) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; (4) whether the application by Lead Plaintiff's counsel for an award of attorneys' fees and expenses and award to Lead Plaintiff should be approved; and (5) whether the Judgment, in the form attached to the settlement agreement, should be entered. Remote access to the final settlement approval hearing shall be afforded to the public by telephone: (888) 363-4734, access code 444221. This telephone number is afforded for people to listen but not to speak.

Please note that the date, time and location of the settlement hearing are subject to change without further notice. If you plan to attend the hearing, you should check the docket or contact Lead Counsel (identified below) to be sure that no change to the date, time or location of the hearing has been made.

IF YOU PURCHASED OR ACQUIRED ANY OF THE COMMON STOCK OF VANDA DURING THE PERIOD FROM NOVEMBER 4, 2015 THROUGH FEBRUARY 11, 2019, INCLUSIVE, YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

If you have not received a detailed Notice of Pendency and Proposed Settlement of Class Action ("Notice") and a copy of the Proof of Claim and Release form ("Proof of Claim"), you may obtain copies by writing to Vanda Securities Litigation, Claims Administrator, P.O. Box 4419, Portland, OR 97208-4419, or on the internet at www.VandaSecuritiesLitigation.com.

If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim by mail (postmarked no later than December 28, 2022) or submitted electronically (received no later than December 28, 2022), establishing that you are entitled to recovery. Unless the deadline is extended, your

failure to submit your Proof of Claim by the above deadline will preclude you from receiving any payment from the Settlement.

If you are a Class Member and you desire to be excluded from the Class, you must submit a request for exclusion such that it is received no later than December 15, 2022, in the manner and form explained in the detailed Notice, referred to above. All Members of the Class who do not timely and validly request exclusion from the Class will be bound by the Settlement and any judgment and release entered in the Action pursuant to the Stipulation and Agreement of Settlement, whether or not you submit a Proof of Claim.

If you are a Class Member, you have the right to object to the Settlement, the Plan of Allocation, and/or the request by Lead Counsel for an award of attorneys' fees and expenses. Any objection to the Settlement, the Plan of Allocation, or the fee and expense application must be made in the manner and form explained in the Notice and must be mailed to each of the following recipients, so that it is received no later than December 15, 2022:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
UNITED STATES COURTHOUSE
225 Cadman Plaza East
Brooklyn, NY 11201

Lead Counsel:
ROBBINS GELLER RUDMAN & DOWD LLP
MICHAEL G. CAPECI
58 South Service Road, Suite 200
Melville, NY 11747

Counsel for Defendants:
PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
AUDRA J. SOLOWAY
1285 Avenue of the Americas
New York, NY 10019

PLEASE DO NOT CONTACT THE COURT, THE CLERK'S OFFICE OR DEFENDANTS REGARDING THIS NOTICE. If you have any questions about the Settlement, you may contact Lead Counsel at the address listed above or by an email to Lead Counsel at settlementinfo@rgrdlaw.com.

DATED: September 15, 2022
BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

Robbins Geller Rudman & Dowd LLP Announces Proposed Settlement in the Vanda Securities Litigation

NEWS PROVIDED BY
Robbins Geller Rudman & Dowd LLP →
Oct 07, 2022, 08:00 ET

NEW YORK, Oct. 7, 2022 /PRNewswire/ --

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

KENNETH GORDON, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. VANDA PHARMACEUTICALS, INC., and MIHAEL H. POLYMERPOULOS, Defendants.

Civil Action No. 1:19-cv-01108-FB-LB

CLASS ACTION

SUMMARY NOTICE

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR ACQUIRED THE COMMON STOCK OF VANDA PHARMACEUTICALS, INC. ("VANDA") DURING THE PERIOD FROM NOVEMBER 4, 2015 TO FEBRUARY 11, 2019, INCLUSIVE

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Eastern District of New York, that a hearing will be held on January 5, 2023 at 10:00 a.m., before the Honorable Lois Bloom, United States Magistrate Judge, at the United States District Court for the Eastern District of New

York, United States Courthouse, 225 Cadman Plaza East, Brooklyn, NY 11201, for the purpose of determining: (1) whether the proposed Settlement of the above-captioned Action, as set forth in the settlement agreement reached between the parties, consisting of Eleven Million Five Hundred Thousand Dollars (\$11,500,000.00) in cash, should be approved as fair, reasonable, and adequate to the Members of the Class; (2) whether the release by Class Members of claims as set forth in the settlement agreement should be authorized; (3) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; (4) whether the application by Lead Plaintiff's counsel for an award of attorneys' fees and expenses and award to Lead Plaintiff should be approved; and (5) whether the Judgment, in the form attached to the settlement agreement, should be entered. Remote access to the final settlement approval hearing shall be afforded to the public by telephone: (888) 363-4734, access code 4444221. This telephone number is afforded for people to listen but not to speak.

Please note that the date, time and location of the settlement hearing are subject to change without further notice. If you plan to attend the hearing, you should check the docket or contact Lead Counsel (identified below) to be sure that no change to the date, time or location of the hearing has been made.

IF YOU PURCHASED OR ACQUIRED ANY OF THE COMMON STOCK OF VANDA DURING THE PERIOD FROM NOVEMBER 4, 2015 THROUGH FEBRUARY 11, 2019, INCLUSIVE, YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

If you have not received a detailed Notice of Pendency and Proposed Settlement of Class Action ("Notice") and a copy of the Proof of Claim and Release form ("Proof of Claim"), you may obtain copies by writing to *Vanda Securities Litigation*, Claims Administrator, P.O. Box 4419, Portland, OR 97208-4419, or on the internet at www.VandaSecuritiesLitigation.com.

If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim by mail (**postmarked no later than December 28, 2022**) or submitted electronically (**received no later than December 28, 2022**), establishing that you are entitled to recovery. Unless the deadline is extended, your failure to submit your Proof of Claim by the above deadline will preclude you from receiving any payment from the Settlement.

If you are a Class Member and you desire to be excluded from the Class, you must submit a request for exclusion such that it is **received no later than December 15, 2022**, in the manner and form explained in the detailed Notice, referred to above. All Members of the Class who do not timely and validly request exclusion from the Class will be bound by the Settlement and any judgment and release entered in the Action pursuant to the Stipulation and Agreement of Settlement, whether or not you submit a Proof of Claim.

If you are a Class Member, you have the right to object to the Settlement, the Plan of Allocation, and/or the request by Lead Counsel for an award of attorneys' fees and expenses. Any objection to the Settlement, the Plan of Allocation, or the fee and expense application must be made in the manner and form explained in the Notice and must be mailed to each of the following recipients, so that it is **received no later than December 15, 2022**:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
UNITED STATES COURTHOUSE
225 Cadman Plaza East
Brooklyn, NY 11201

Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP
MICHAEL G. CAPECI
58 South Service Road, Suite 200
Melville, NY 11747

Counsel for Defendants:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
AUDRA J. SOLOWAY
1285 Avenue of the Americas
New York, NY 10019

PLEASE DO NOT CONTACT THE COURT, THE CLERK'S OFFICE OR DEFENDANTS REGARDING THIS NOTICE. If you have any questions about the Settlement, you may contact Lead Counsel at the address listed above or by an email to Lead Counsel at settlementinfo@rgrdlaw.com.

DATED: September 15, 2022

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

Contacts

Media:

Robbins Geller Rudman & Dowd LLP

Shareholder Relations Department

Greg Wood

(619) 231-1058

SOURCE Robbins Geller Rudman & Dowd LLP

CERTIFICATE OF SERVICE

I, Michael G. Capeci, hereby certify that on December 1, 2022, I authorized a true and correct copy of the foregoing document to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of such public filing to all counsel registered to receive such notice.

s/ Michael G. Capeci

MICHAEL G. CAPECI