UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 14, 2011**

Vical Incorporated

(Exact name of registrant as specified in its charter)

Delaware	**000-21088**	**93-0948554**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10390 Pacific Center Court **San Diego, California** (Address of principal executive offices)	**92121-4340** (Zip Code)

Registrant's telephone number, including area code: **(858) 646-1100**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On July 14, 2011, Vical Incorporated ("Vical") issued a press release announcing that it entered into license agreements with Astellas Pharma Inc. ("Astellas") granting Astellas an exclusive, worldwide, royalty-bearing license under certain of Vical's know-how and intellectual property for the United States and for all territories in the rest of world outside the United States to develop and commercialize products containing plasmids encoding for certain forms of glycoprotein B and/or phosphoprotein 65, including TransVax(TM) ("Products") for the control and prevention of cytomegalovirus infection in immunocompromised patients, including transplant recipients, and transplant donors (the "Field"). Under the license agreements, Vical granted a non-exclusive, royalty-bearing sublicense under a U.S. patent licensed to Vical by City of Hope to develop and commercialize Products in the Field in the United States and an exclusive, royalty-bearing, worldwide sublicense under patents and technology licensed to Vical by CytRx Corporation ("CytRx") to develop and commercialize Products in the Field. The agreements will become effective subject to satisfaction of customary regulatory approvals, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. A copy of Vical's press release is attached as Exhibit 99.1 hereto.

Under the agreements, Astellas is responsible for the worldwide development and commercialization of Products in the Field, at its expense, and has agreed to use commercially reasonable efforts to develop, obtain regulatory approval for and commercialize at least one Product for use in certain immunocompromised patients in the Field in the United States and certain other major markets. Astellas granted to Vical an exclusive option to co-promote Products in the Field in the U.S. In addition, each party agreed to refrain from directly or indirectly developing or commercializing certain similar or competing products during the term of the license agreements, subject to certain limitations. Under the terms of a services and supply agreement entered into by Vical and Astellas on the same date, Vical agreed to perform certain development and regulatory activities relating to Products in the Field, at Astellas' expense, and to supply Products to Astellas for use in development and initial commercialization activities in the Field.

Under the terms of the license agreements, Astellas is obligated to pay Vical up to $130 million in total upfront and milestone payments through commercial launch, including upfront fees totaling $25 million and $10 million upon finalization of the trial design for a Phase 3 registration trial of TransVax(TM) in hematopoietic stem cell transplant recipients. In addition, Vical will be entitled to receive double-digit royalties on net sales of Products, which royalties are subject to reduction in certain, limited circumstances. Such royalties will be payable by Astellas on a Product-by-Product and country-by-country basis until the latest of (i) expiration of the last patent claiming such Product in such country, (ii) expiration of data or regulatory exclusivity for such Product in such country and (iii) 10 years after first commercial sale of such Product in such country.

The license agreements will continue in effect on a Product-by-Product and country-by-country basis until expiration of Astellas' obligation to pay royalties with respect to each Product in each country, unless terminated early by either party as more fully described below. Following expiration, Astellas' license with respect to the particular Product in the particular country shall become fully paid up, perpetual and royalty-free. The supply and services agreement will continue in effect until the earliest of (i) the third anniversary of first commercial sale of the first Product in the Field, (ii) assumption by Astellas of responsibility for manufacturing Products in the Field and (iii) expiration or termination of the license agreements. Each of Vical and Astellas may terminate the license agreements or supply and services agreement prior to expiration upon the material breach of such agreement by the other party, or upon the bankruptcy or insolvency of the other party. In addition, Vical may terminate the license agreements prior to expiration in the event Astellas or any of its affiliates or sublicensees challenges or opposes any patent licensed to it under the license agreements, and Astellas may terminate the license

agreements on a country-by-country basis if Astellas reasonably determines that further development and/or commercialization of Products in the Field will not be beneficial for Astellas.

In connection with entering into the license agreements with Astellas, Vical amended an existing license agreement with the City of Hope, dated February 3, 2003, under which Vical obtained an exclusive, royalty-bearing license to certain patents related to preventing and detecting cytomegalovirus, including the U.S. patent under which Vical has granted Astellas a non-exclusive sublicense. The U.S. patent licensed from City of Hope expires on October 17, 2017.

In consideration of the license grant under the City of Hope license agreement, Vical paid the City of Hope an upfront fee, and agreed to pay the City of Hope certain annual maintenance fees which will increase upon the first commercial sale of a licensed product. Vical is also obligated to pay a single-digit royalty on net sales by or on behalf of Vical of any products using the licensed patent rights. The maintenance fees for any given year are creditable against any royalties owed during the subsequent year.

Under the City of Hope license agreement, Vical agreed that, if it granted a sublicense to the patent rights licensed to Vical, Vical would pay a percentage of any royalties, fees, milestone payments or other consideration Vical receives under the sublicense. Because Vical granted such a sublicense to Astellas in the United States as part of the Astellas license agreements, Vical is obligated to pay City of Hope a percentage of the upfront fee received from Astellas for rights granted to Astellas in the United States and will be obligated to pay a percentage of any future milestone payments and royalty payments received from Astellas for rights granted to Astellas in the United States while Astellas holds a sublicense to the City of Hope patent.

The City of Hope license agreement will continue until the expiration of the last to expire of the licensed patents, unless the agreement is terminated earlier as described below. Following any termination of the City of Hope license agreement, Vical's rights to practice the licensed patent to develop and commercialize products will also terminate. Vical can terminate the City of Hope license agreement early at any time upon 90 days prior written notice, and either Vical or City of Hope can terminate the license agreement early in the event of an uncured material breach by the other party. In addition, the license agreement will automatically terminate if Vical undertakes a liquidation or dissolution or is subject to certain bankruptcy proceedings.

In connection with entering into the license agreements with Astellas, Vical also amended an existing license agreement with CytRx, dated December 7, 2001, under which Vical obtained an exclusive, royalty-bearing license to certain patents and technology, under which Vical has granted Astellas an exclusive, worldwide sublicense. Vical is obligated to pay CytRx certain milestone payments and royalty payments in connection with development and commercialization of Products in the Field under the license agreements.

The foregoing summaries of the license agreements and the supply and services agreement with Astellas and the license agreements with City of Hope and CytRx do not purport to be complete and are qualified in their entirety by reference to such agreements which, in the case of the license agreement with CytRx, is attached as exhibit 99 to CytRx's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 21, 2001 and, in the case of each of the other agreements, will be attached as an exhibit to a subsequent filing with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release issued by Vical Incorporated on July 14, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Vical Incorporated

Date: July 14, 2011

By: /s/ JILL M. BROADFOOT
Jill M. Broadfoot
Senior Vice President, Chief Financial Officer and Secretary

Vical and Astellas Announce Worldwide License Agreements for TransVax(TM) Cytomegalovirus Vaccine

Vical to Receive up to $130 Million in Upfront and Development Milestones Plus Double-digit Royalties
Vical to Conduct Conference Call and Webcast at 8:00 a.m. ET Friday

SAN DIEGO and TOKYO, July 14, 2011 (GLOBE NEWSWIRE) -- Vical Incorporated (Nasdaq:VICL) and Astellas Pharma Inc. (TOKYO:4503) today announced that they have signed exclusive license agreements for the United States and for all territories in the rest of world outside the United States to develop and commercialize TransVax™, Vical's therapeutic vaccine designed to control cytomegalovirus (CMV) reactivation in transplant recipients. The companies expect to begin a multinational Phase 3 registration trial of TransVax™ in hematopoietic stem cell transplant (HSCT) recipients as well as a Phase 2 trial in solid organ transplant (SOT) recipients in the first half of 2012. The agreements will become effective subject to the expiration or termination of the applicable 30-day waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Under the agreements, Astellas will be responsible for further development and commercialization, including all costs. Vical has an option to co-promote TransVax™ in the United States. Vical will provide assistance to Astellas with TransVax™-related manufacturing, regulatory and certain development activities, for which Astellas will reimburse all of Vical's future costs, including personnel and external expenses. Vical will receive near-term payments of $35 million, including $25 million upon the effective date and $10 million upon finalization of the Phase 3 trial design. Vical potentially will receive up to $130 million in total upfront and milestone payments through commercial launch and double-digit royalties on net sales.

"We are very pleased to work with Vical on the development and commercialization of TransVax™ as Astellas is committed to reinforcing its vaccine business," said Yoshihiko Hatanaka, President and Chief Executive Officer of Astellas. "The impressive results from the TransVax™ Phase 2 trial provided evidence of safety, immunogenicity and efficacy in a highly challenging HSCT recipient patient population, and reinforce our confidence for future success. We are excited to advance this program toward commercialization to offer transplant recipients a vaccine option for potentially safe and effective control of CMV."

"We believe Astellas is ideally positioned to help us drive this key program toward its greatest potential success," said Vijay Samant, President and Chief Executive Officer of Vical. "Our first-in-class CMV vaccine would complement the existing Astellas franchise in the transplant market, a strategic focus area for Astellas. This program will bring together Astellas' substantial resources and strong commercial presence in key world markets, and Vical's development, regulatory and manufacturing expertise with DNA-based product candidates. We are excited to work with Astellas in advancing TransVax™ toward commercialization."

Conference Call

Vical will conduct a conference call and webcast on Friday, July 15, at 8:00 a.m. Eastern Time to discuss the TransVax™ agreements with invited analysts and institutional investors. The call and webcast are open on a listen-only basis to any interested parties. To listen to the conference call, dial in approximately ten minutes before the scheduled call to (719) 457-2643 (preferred), or (888) 503-8163 (toll-free), and reference confirmation code 6648633. A replay of the call will be available for 48 hours beginning about two hours after the call. To listen to the replay, dial (719) 457-0820 (preferred) or (888) 203-1112 (toll-free) and enter replay passcode 6648633. The call also will be available live and archived through the events page at www.vical.com. For further information, contact Vical's Investor Relations department by phone at (858) 646-1127 or by e-mail at ir@vical.com.

About TransVax™

TransVax™ is a bivalent DNA vaccine containing plasmids (closed loops of DNA) encoding CMV pp65 and gB antigens for induction of both cellular and humoral immune responses. TransVax™ is formulated with a proprietary poloxamer-based delivery system. TransVax™ has received orphan drug designation in the United States for HSCT and SOT patients.

About CMV

CMV is a herpes virus that infects more than half of all adults in the United States by age 40, and is even more widespread in developing countries. While a healthy immune system typically protects an infected person against CMV disease, it rarely succeeds in eliminating the infection, and those whose immune systems are not fully functional are at high risk of CMV reactivation, potentially leading to severe illness or death. Those at greatest risk include transplant patients and infants born to mothers who first become infected during pregnancy. Vical is pursuing two different vaccine approaches for these distinct market segments: TransVax™ for the transplant market and CyMVectin™ for the congenital disease market.

About Astellas

Astellas Pharma Inc., located in Tokyo, Japan, is a pharmaceutical company dedicated to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. Astellas has approximately 16,000 employees worldwide. The organization is committed to becoming a global category leader by rapidly establishing a business model in urology, immunology & infectious diseases, oncology, neuroscience, DM complications & metabolic diseases. For more information on Astellas Pharma Inc., please visit www.astellas.com/en.

The Astellas Pharma Inc. logo is available at http://www.globenewswire.com/newsroom/prs/?pkgid=10000

About Vical

Vical researches and develops biopharmaceutical products based on its patented DNA delivery technologies for the prevention and treatment of serious or life-threatening diseases. Potential applications of the company's DNA delivery technology include DNA vaccines for infectious diseases or cancer, in which the expressed protein is an immunogen; cancer immunotherapeutics, in which the expressed protein is an immune system stimulant; and cardiovascular therapies, in which the expressed protein is an angiogenic growth factor. The company is developing certain infectious disease vaccines and cancer therapeutics internally. In addition, the company collaborates with major pharmaceutical companies and biotechnology companies that give it access to complementary technologies or greater resources. These strategic partnerships provide the company with mutually beneficial opportunities to expand its product pipeline and address significant unmet medical needs. Additional information on Vical is available at www.vical.com.

The Vical Incorporated logo is available at http://www.globenewswire.com/newsroom/prs/?pkgid=5768

This press release contains forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements include statements about Vical's technologies, the TransVax™ CMV vaccine, as well as the company's focus, licensees, and independent and partnered product candidates. Risks and uncertainties include whether Vical, Astellas or others will continue development of TransVax™ or any other product candidates; whether the companies will begin a multinational Phase 3 registration trial of TransVax™ in HSCT recipients or a Phase 2 trial in SOT recipients in the first half of 2012, if at all; whether the Hart-Scott-Rodino waiting period will expire or terminate and the agreements will become effective within 30 days, if at all; whether Astellas will successfully develop and commercialize TransVax™; whether Vical will co-promote TransVax™ in the United States; whether Vical will provide assistance to Astellas with manufacturing, regulatory and certain development activities; whether Astellas will reimburse all, if any, of Vical's future TransVax™-related costs; whether Vical will receive all, if any, upfront payments, development milestones and royalties under the agreements; whether Phase 2 results will be predictive of results in any future studies; whether Vical or its licensees will seek or gain approval to market TransVax™ or any other DNA-based human vaccine or therapeutic product candidates; whether Vical or its licensees will succeed in marketing any product candidates; and additional risks set forth in the company's filings with the Securities and Exchange Commission. These forward-looking statements represent the companies' judgment as of the date of this release. The companies disclaim, however, any intent or obligation to update these forward-looking statements.

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