

VERMILLION, INC.
Form SC 13D/A
December 23, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 2)

Under the Securities Exchange Act of 1934*

Vermillion, Inc.

(Name of Issuer)

Common Stock, Par Value \$0.001 Per Share

(Title of Class of Securities)

92407M206

(CUSIP Number)

Larry N. Feinberg
c/o Oracle Investment Management, Inc.
200 Greenwich Avenue
Greenwich, CT 06830
(203) 862-7900

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

With a copy to:

Rita Molesworth, Esq.
Jeffrey Hochman, Esq.
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
(212) 728-8000

December 19, 2013

(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box:

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 92407M206

Page 2 of 9 pages

1 NAMES OF REPORTING PERSONS

Larry N. Feinberg

- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)
 (b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (See Instructions)

N/A

- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

- 7 SOLE VOTING POWER
-0-

- 8 SHARED VOTING POWER
- NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
- 9 SOLE DISPOSITIVE POWER
7,139,960
- 10 SHARED DISPOSITIVE POWER
-0-

7,139,960

- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,139,960

- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

19.93%*

- 14 TYPE OF REPORTING PERSON (See Instructions)

IN

* Calculated based on a total of 35,825,673 shares of common stock outstanding as of December 20, 2013, according to information furnished by Vermillion, Inc. on December 20, 2013.

SCHEDULE 13D

CUSIP No. 92407M206

Page 3 of 9 pages

1 NAMES OF REPORTING PERSONS

Oracle Associates, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

-0-

8 NUMBER OF SHARES SHARED VOTING POWER

BENEFICIALLY OWNED BY EACH

9 7,139,960 SOLE DISPOSITIVE POWER

REPORTING PERSON WITH

10 -0- SHARED DISPOSITIVE POWER

7,139,960

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,139,960

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

19.93%*

14 TYPE OF REPORTING PERSON (See Instructions)

OO

* Calculated based on a total of 35,825,673 shares of common stock outstanding as of December 20, 2013, according to information furnished by Vermillion, Inc. on December 20, 2013.

SCHEDULE 13D

CUSIP No. 92407M206

Page 4 of 9 pages

1 NAMES OF REPORTING PERSONS

Oracle Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

-0-

8 NUMBER OF SHARES SHARED VOTING POWER

BENEFICIALLY OWNED BY EACH

9 4,543,980 SOLE DISPOSITIVE POWER

REPORTING PERSON WITH

10 -0- SHARED DISPOSITIVE POWER

4,543,980

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,543,980

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

12.68%*

14 TYPE OF REPORTING PERSON (See Instructions)

PN

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SCHEDULE 13D

CUSIP No. 92407M206

Page 5 of 9 pages

1 NAMES OF REPORTING PERSONS

Oracle Investment Management, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF SHARES 8 -0- SHARED VOTING POWER

BENEFICIALLY OWNED BY EACH 9 2,595,980 SOLE DISPOSITIVE POWER

REPORTING PERSON WITH 10 -0- SHARED DISPOSITIVE POWER

2,595,980

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,595,980

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.25%*

14 TYPE OF REPORTING PERSON (See Instructions)

CO

* Calculated based on a total of 35,825,673 shares of common stock outstanding as of December 20, 2013, according to information furnished by Vermillion, Inc. on December 20, 2013.

SCHEDULE 13D

CUSIP No. 92407M206

Page 6 of 9 pages

1 NAMES OF REPORTING PERSONS

Oracle Ten Fund Master, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF SHARES 8 -0- SHARED VOTING POWER

BENEFICIALLY OWNED BY EACH 9 2,595,980 SOLE DISPOSITIVE POWER

REPORTING PERSON WITH 10 -0- SHARED DISPOSITIVE POWER

2,595,980

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,595,980

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.25%*

14 TYPE OF REPORTING PERSON (See Instructions)

OO

* Calculated based on a total of 35,825,673 shares of common stock outstanding as of December 20, 2013, according to information furnished by Vermillion, Inc. on December 20, 2013.

Pursuant to Rule 13d-2 under the Act, this Amendment No. 2 to Schedule 13D (this “Amendment”) amends and supplements the Schedule 13D filed on May 23, 2013, as previously amended by Amendment No. 1, filed on June 13, 2013 (as amended, the “Schedule 13D”), and is being filed on behalf of Oracle Partners, L.P., a Delaware limited partnership (“Oracle Partners”), Oracle Ten Fund Master, LP, a Cayman Islands exempted company (“Oracle Ten Fund”), Oracle Associates, LLC, a Delaware limited liability company and the general partner of Oracle Partners and Oracle Ten Fund (“Oracle Associates”), Oracle Investment Management, Inc., a Delaware corporation and the investment manager to Oracle Ten Fund (“Investment Manager”) and Larry N. Feinberg, the managing member of Oracle Associates and the sole shareholder, director and president of the Investment Manager (each of the foregoing, a “Reporting Person” and collectively, the “Reporting Persons”). This Amendment relates to the common stock, par value \$0.001 per share (“Common Stock”), of Vermillion, Inc., a Delaware corporation (the “Company”).

The Reporting Persons are filing this Amendment in connection with the exercise of the Warrants of Oracle Partners and Oracle Ten Fund.

All capitalized terms used herein which are not defined herein have the meanings given to such terms in the Schedule 13D.

Item 3. Source and Amount of Funds.

Item 3 is hereby amended by inserting the following at the end thereof:

On December 19, 2013, pursuant to the Warrants, Oracle Partners and Oracle Ten Fund acquired 2,761,990 and 1,577,990 shares of Common Stock, respectively, at an exercise price of \$1.46 per share of Common Stock for an aggregate price of \$4,032,505 and \$2,303,865, respectively. All of the funds required to exercise the Warrants were furnished from the working capital of Oracle Partners and Oracle Ten Fund, respectively.

Item 4. Interest in Securities of the Issuer.

The second paragraph of Item 4 of the Schedule 13D is hereby amended and restated in its entirety as follows:

As discussed below, Oracle Partners and Oracle Ten Fund are entitled to a Board Designee (as defined below). On September 12, 2013, Oracle Partners and Oracle Ten Fund appointed such Board Designee. As part of the Reporting Persons’ continuing evaluation of, and preservation of the value of, their investment in the Common Stock or other securities of the Company, the Reporting Persons and their representatives, including, without limitation, the Board Designee (as defined below), if any, may from time to time engage in discussions with, respond to inquiries from or make proposals to various persons, including, without limitation, the Company’s management, the board of directors, existing or potential strategic partners of the Company, other shareholders, industry analysts and other relevant parties concerning matters with respect to the Company and the Reporting Persons’ investment in the Common Stock and

other securities of the Company, if any, including, without limitation, the business, operations, prospects, governance, management, strategy and the future plans of the Company.

Item 5. Interest in Securities of the Issuer.

Items 5(a)-(c) of the Schedule 13D are hereby amended and restated in their entirety as follows:

(a) As of December 19, 2013, Oracle Partners was the direct beneficial owner of 4,543,980 shares of Common Stock, representing 12.68% of the outstanding shares of Common Stock (based on 35,825,673 shares of Common Stock outstanding as of December 20, 2013 as reported by the Company to representatives of the Reporting Persons). As of December 19, 2013, Oracle Ten Fund was the direct beneficial owner, and Investment Manager, due to its relationship with Oracle Ten Fund, may be deemed to beneficially own, 2,595,980 shares of Common Stock, representing 7.25% of the outstanding shares of Common Stock (based on 35,825,673 shares of Common Stock outstanding as of December 20, 2013 as reported by the Company to representatives of the Reporting Persons). As of December 19, 2013, Oracle Associates, due to its relationship with Oracle Partners and Oracle Ten Fund, and Mr. Feinberg, due to his respective relationships with the other Reporting Persons, may be deemed to beneficially own 7,139,960 shares of Common Stock, representing 19.93% of the outstanding shares of Common Stock (based on 35,825,673 shares of Common Stock outstanding as of December 20, 2013 as reported by the Company to representatives of the Reporting Persons). The Reporting Persons may be deemed to constitute a "person" or "group" within the meaning of Section 13(d)(3) of the Exchange Act. The filing of this Schedule 13D shall not be construed as an admission of such beneficial ownership or that the Reporting Persons constitute a person or a group.

(b) Each of the Reporting Persons shares the power to vote or to direct the vote and to dispose or to direct the disposition of the shares of Common Stock it may be deemed to beneficially own as described in Item 5(a) above.

(c) Except as described in this Amendment, during the last sixty (60) days there were no transactions in the Common Stock effected by the Reporting Persons.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: December 23, 2013

ORACLE PARTNERS, L.P.

By: ORACLE ASSOCIATES, LLC, its general partner

By: /s/ Larry N. Feinberg

Name: Larry N. Feinberg

Title: Managing Member

Dated: December 23, 2013

ORACLE TEN FUND MASTER, LP

By: ORACLE ASSOCIATES, LLC, its general partner

By: /s/ Larry N. Feinberg

Name: Larry N. Feinberg

Title: Managing Member

Dated: December 23, 2013

ORACLE ASSOCIATES, LLC

By: /s/ Larry N. Feinberg

Name: Larry N. Feinberg

Title: Managing Member

Dated: December 23, 2013

ORACLE INVESTMENT MANAGEMENT, INC.

By: /s/ Larry N. Feinberg

Name: Larry N. Feinberg

Title: President and Director