

First Eagle Value in Biotechnology Master Fund, Ltd.
 Form 4
 February 02, 2018

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 First Eagle Investment Management, LLC

(Last) (First) (Middle)

1345 AVENUE OF THE AMERICAS, 48TH FLOOR

(Street)

NEW YORK, NY 10105

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 ARADIGM CORP [ARDM]

3. Date of Earliest Transaction (Month/Day/Year)
 02/01/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___X___ 10% Owner
 ___ Officer (give title below) ___ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
 ___X___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock ⁽¹⁾	02/01/2018		J		479,477	D	<u>(2)</u>
							4,210,186
						I	See Footnote ⁽³⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
Warrants to purchase Common Stock (right to buy) ⁽⁴⁾	\$ 5.21 ⁽⁵⁾					01/10/2017 ⁽⁶⁾ 07/14/2021	Common Stock 259,117 ⁽⁷⁾
9.0% Senior Convertible Notes due 2021 ⁽¹⁰⁾	⁽¹¹⁾					⁽¹²⁾ 04/30/2021	Common Stock 575,815 ⁽¹¹⁾

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
First Eagle Investment Management, LLC 1345 AVENUE OF THE AMERICAS 48TH FLOOR NEW YORK, NY 10105		X		
21 APRIL FUND, LTD. CITCO FUND SERVICES (CAYMAN ISLANDS) LTD REGATTA OFFICE PARK WEST BAY ROAD GRAND CAYMAN, E9 KY1-1205		X		
First Eagle Value in Biotechnology Master Fund, Ltd. CITCO FUND SERVICES (CAYMAN ISLANDS) LTD REGATTA OFFICE PARK WEST BAY ROAD GRAND CAYMAN, E9 KY1-1205		X		
21 APRIL FUND, L.P. 1345 AVENUE OF THE AMERICAS, 48TH FLOOR NEW YORK, NY 10105		X		

Signatures

FIRST EAGLE HOLDINGS, INC., By: /s/ Michael M. Kellen, Director

02/02/2018

 **Signature of Reporting Person

 Date

FIRST EAGLE INVESTMENT MANAGEMENT, LLC, as General Partner of 21 April LP
and Investment Adviser of 21 April Ltd. and FEVIBM, By: /s/ Michael M. Kellen, Director 02/02/2018
Date
**Signature of Reporting Person

FIRST EAGLE INVESTMENT MANAGEMENT, LLC, By: /s/ Michael M. Kellen, Director 02/02/2018
Date
**Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- This Form 4 is filed by 21 April Fund, LP ("April LP"), 21 April Ltd. ("April Ltd."), First Eagle Investment Management, LLC ("FEIM"), First Eagle Value in Biotechnology Master Fund, Ltd. ("FEVIBM") and First Eagle Holdings, Inc. ("FEHI" and, collectively with April LP, April Ltd., FEIM and FEVIBM, the "Entities"). The Entities disclaim status as a "group" for purposes of this Form 4.
- (1) As of February 1, 2018, certain separately managed accounts terminated their relationship with, and are no longer advised by, FEIM. The positions held in such accounts are therefore no longer included herein.
 - (2) The shares of Common Stock reported herein are indirectly beneficially owned by FEHI and FEIM, a Delaware limited liability company and an investment adviser registered under the Investment Advisers Act of 1940. FEIM is (i) a general partner of April LP, (ii) the registered investment adviser to FEVIBM as well as to April LP and April Ltd. (collectively, the "Funds"), (iii) a subsidiary of FEHI and (iv) FEIM is investment adviser to certain of the Separately Managed Accounts. FEHI disclaims Section 16 beneficial ownership of the shares held directly by the Funds except to the extent, if any, of its pecuniary interest therein, and this report shall not be deemed an admission that FEHI is the Section 16 beneficial owner of any such securities.
 - (3) The warrants to purchase common stock of the Company (the "Warrants") to which this Form 4 filing relates were issued on July 14, 2016 pursuant to the Securities Purchase Agreement dated April 21, 2016, by and among Aradigm Corporation (the "Company") and the Purchasers listed on Schedules A and B thereto (the "Purchase Agreement").
 - (4) The Warrants are exercisable at a price of \$5.21 per share of the Company's common stock (the "Exercise Price") for five years following the date of issuance of the Warrants, with such Exercise Price subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events or upon any distributions of assets, including cash, stock or other property to the Issuer's stockholders.
 - (5) The Warrants are exercisable commencing on the later of 180 days after the date of issuance and the date of the public release of top line data related to the conclusion of ORBIT-3 and ORBIT-4 Phase 3 pivotal clinical trials for the Issuer's investigational product Pulmaquin? inhaled ciprofloxacin. The date of issuance was July 14, 2016.
 - (6) The 259,117 shares of the Company's common stock issuable upon exercise of the Warrants at the Exercise Price in effect on the date hereof are reported herein because such Warrants are exercisable within 60 days of the date hereof. The number of shares of the Company's common stock issuable under the Warrants is subject to adjustment in certain circumstances pursuant to the Warrants issued by the Company.
 - (7) The 9.0% Senior Convertible Notes due 2021 (the "Convertible Notes") and the Warrants to which this Form 4 relates are held directly by the Entities, and certain managed accounts (collectively, the "Accounts").
 - (8) The Convertible Notes and the Warrants reported herein are indirectly beneficially owned by FEIM, by virtue of its service as investment manager to the Entities and Accounts, which are under FEIM's management and control. Each of the reporting persons disclaims beneficial ownership of the securities to which this Form 4 relates for the purposes of Section 16 of the Securities and Exchange Act of 1934, as amended, except as to such extent of the reporting person's pecuniary interest in the securities.
 - (9) The Convertible Notes were issued pursuant to the Purchase Agreement and an Indenture dated April 25, 2016 (the "Indenture"), by and between the Company and U.S. Bank National Association. The Convertible Notes accrue interest at a rate of 9.0% per annum payable semi-annually in arrears in equal instalments on May 1 and November 1 of each year, beginning on November 2, 2016. The Convertible Notes will mature on April 30, 2021 (the "Maturity Date"), unless earlier redeemed, repurchased or converted.
 - (10) The conversion rate for the Convertible Notes is initially 191.9386 shares of common stock of the Company per \$1,000 principal amount of Convertible Notes, which is an initial conversion price of approximately \$5.21 per share of the Company's common stock, and is subject to adjustment in certain circumstances pursuant to the Indenture.
 - (11) Unless previously redeemed, or repurchased and cancelled, each Convertible Note will be convertible into common stock of the Company at the option of the noteholder at any time from and after the date of the Indenture up to close of business on the second business day immediately prior to the Maturity Date. However, in no event will the aggregate number of common stock of the Company
 - (12)

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issued to investors at any time exceed 19.99% of the total number of shares of common stock of the Company outstanding on the date of the Purchase Agreement (the "Conversion Share Cap") unless the Company has obtained stockholder approval for the issuance of more than such number of shares of common stock of the Company pursuant to NASDAQ Listing Rule 5635(d). Notwithstanding the foregoing, unless and until such stockholder approval is obtained, if the number of shares of common stock of the Company deliverable for conversion is greater than the Conversion Share Cap, then the number of shares of common st

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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