

TANG KEVIN C  
Form 4  
October 22, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
TANG KEVIN C

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
4401 EASTGATE MALL  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
10/20/2008

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

SAN DIEGO, CA 92121

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_ Form filed by One Reporting Person  
\_X\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**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	10/20/2008		P		17,000	A	\$ 0.24
Common Stock					5,397,000	I (1)	By LP (1)
Common Stock					470,000	I (2)	As Trustee (2)
Common Stock					70,000	D (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)

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

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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TANG KEVIN C 4401 EASTGATE MALL SAN DIEGO, CA 92121		X		
TANG CAPITAL MANAGEMENT LLC 4401 EASTGATE MALL SAN DIEGO, CA 92121		X		
TANG CAPITAL PARTNERS LP 4401 EASTGATE MALL SAN DIEGO, CA 92121		X		

## Signatures

/s/ Kevin C. Tang	10/22/2008
__Signature of Reporting Person	Date
/s/ Kevin C. Tang as Managing Member	10/22/2008
__Signature of Reporting Person	Date
/s/ Kevin C. Tang as the Managing Member of Tang Capital Management, LLC, General Partner	10/22/2008
__Signature of Reporting Person	Date

## 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).
- The securities are held by Tang Capital Partners, LP. Kevin C. Tang is the sole manager of Tang Capital Management, LLC, which is the
- (1) general partner of Tang Capital Partners, LP. Mr. Tang disclaims beneficial ownership of the securities except to the extent of his pecuniary interest therein.

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- (2) The securities are held by Kevin C. Tang as custodian for his minor children, as Trustee of the Tang Family Trust and as Trustee of the Tang Advisors, LLC Profit Sharing Plan.
- (3) The securities are held by Kevin C. Tang's IRA.

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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