

ARADIGM CORP
Form 4
July 11, 2011

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 *
DEF Associates N.V.

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)
C/O FIRST EAGLE INVESTMENT MANAGEMENT, 1345 AVENUE OF THE AMERICAS

3. Date of Earliest Transaction (Month/Day/Year)
12/31/2010

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

See Footnotes below

(Street)

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

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

NEW YORK, NY 10105

(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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| Common Stock | 12/31/2010 | | J | Amount 2,098,800 (1) | Price \$ 0.168 | D | 6,279,578 (2) |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(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) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Following Transaction (Instr. 6) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | Amount or Number of Shares |
|---|---------------|-----------|---------|-------|----------------------------|
| | Director | 10% Owner | Officer | Other | |
| DEF Associates N.V. C/O FIRST EAGLE INVESTMENT MANAGEMENT 1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105 | | X | | | See Footnotes below |

Signatures

/s/Dan DeClue 07/11/2011

__Signature of Date
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).
- (1) Consists of 2,098,800 shares distributed to certain investors in DEF Associates N.V. ("DEF Associates Offshore") pursuant to the redemption of such investors' interests in DEF Associates Offshore.

DEF Associates Offshore directly owns 6,279,578 shares. DEF Associates Offshore, First Eagle Value in Biotechnology Master Fund, Ltd. ("FEVIBMF"), 21 April Fund, L.P. ("21 April LP"), 21 April Fund, Ltd. ("21 April Ltd.") and DEF Associates LP ("DEF Associates Onshore" and, together with FEVIBMF, 21 April LP, 21 April Ltd. and DEF Associates Offshore, the "Funds") may be deemed to be members of a Section 13(d) group owning more than 10% of the issuer's outstanding common stock. The Funds together beneficially own 60,732,909 shares. Each of the Funds disclaims Section 16 beneficial ownership of the reported securities, and this report shall not be deemed an admission that any such Fund is the beneficial owner of such securities, except to the extent of its pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.