

ARADIGM CORP
Form 3
September 04, 2013

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0104
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

INITIAL STATEMENT OF 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 * | | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol | |
| Â Grifols SA | | (Month/Day/Year) | ARADIGM CORP [ARDM] | |
| (Last) | (First) | (Middle) | 4. Relationship of Reporting Person(s) to Issuer | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| | | 08/27/2013 | | |
| AV. GENERALITAT,Â 152-158 | | | (Check all applicable) | |
| SAN CUGAT DEL VALLES | | | <input checked="" type="checkbox"/> Director | <input checked="" type="checkbox"/> 10% Owner |
| (Street) | | | <input type="checkbox"/> Officer | <input type="checkbox"/> Other |
| | | | (give title below) | (specify below) |
| BARCELONA,Â U3Â 08174 | | | 6. Individual or Joint/Group Filing(Check Applicable Line) | |
| (City) | (State) | (Zip) | <input checked="" type="checkbox"/> Form filed by One Reporting Person | |
| | | | <input type="checkbox"/> Form filed by More than One Reporting Person | |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|------------------------------------|---|---|--|
| Common Stock, no par value | 209,774,558 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u> | D <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u> | Â |

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

SEC 1473 (7-02)

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

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative | 5. Ownership Form of Derivative Security: | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|---|---|--|
|---|---|--|---|---|--|

| Date Exercisable | Expiration Date | Title | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) |
|------------------|-----------------|-------|----------------------------|----------|---------------------------------------|
|------------------|-----------------|-------|----------------------------|----------|---------------------------------------|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Grifols SA AV. GENERALITAT 152-158 SAN CUGAT DEL VALLES BARCELONA, U3 08174 | Â X | Â X | Â | Â |

Signatures

/s/ David I. Bell, Authorized Signatory, on behalf of Grifols,
S.A.

09/04/2013

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(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) Pursuant to the Stock Purchase Agreement (the "SPA"), dated May 20, 2013 (the "Signing Date"), between Grifols, S.A. ("Grifols") and certain other investors (the "Investors"), Aradigm Corporation ("Issuer") agreed, subject to the terms and conditions set forth therein, to issue and sell a total of 209,774,558 shares of common stock, no par value, of Issuer ("Shares") to Grifols and an additional 124,193,546 Shares to the Investors, for a total sale of 333,968,104 Shares (the "Stock Sale"), for a purchase price of \$0.124 per share. On August 27, 2013 (the "Closing Date"), pursuant to the SPA, Grifols purchased 209,774,558 Shares, for cash consideration of approximately \$26.0 million, plus approximately \$1.6 million to pay related fees and expenses.

(2) In connection with the consummation of the Stock Sale, Grifols and Issuer entered into (i) the License and Collaboration Agreement, granting Grifols an exclusive, worldwide license to Issuer's inhaled ciprofloxacin program for the indication of non-cystic fibrosis bronchiectasis (the "Program"), (ii) the Option Agreement, granting Grifols a limited term option to license Issuer's AERx(R) pulmonary drug delivery platform, (iii) Governance Agreement, setting forth certain rights and obligations of Issuer and Grifols concerning, inter alia, corporate governance matters, limitations on future acquisitions of Shares by Grifols and rights by Grifols to maintain a target level of ownership in Issuer, (iv) Registration Rights Agreement, providing registration rights to Grifols with respect to the Shares acquired in the Stock Sale, and (v) the Supply Agreement Term Sheet, setting forth binding terms between Issuer and a third party for commercially manufacturing products from the Program.

(3) Concurrently with the execution and delivery of the SPA, Grifols entered into Voting Agreements (the "Voting Agreements") dated as of the Signing Date with First Eagle Value Biotechnology Master Fund, Ltd (and certain of its affiliates), Boxer Capital, LLC (and certain of its affiliates), Aaron Davis, Ivan Lieberburg, Laurence W. Lytton and MVA Investors, LLC (collectively the "Shareholders"). Under the Voting Agreements, the Shareholders irrevocably agreed, on the terms and subject to the conditions specified in the Voting Agreements, among other things, (i) to vote all 156,978,257 Shares owned by them (to the extent the shares are entitled to vote) in favor of the adoption of certain amendments to Issuer's charter (the "Charter Amendment") and the approval of the transactions in connection with the SPA (the "Transactions"), and (ii) to grant an irrevocable proxy to certain designees of Grifols with respect to certain matters related to the SPA.

(4) As of May 20, 2013, the Shareholders held an aggregate of 156,978,257 Shares, representing approximately 62.4% of the issued and outstanding Shares reported to be outstanding as of May 9, 2013 by the Issuer on its Form 10-Q filed with the Securities Exchange Commission (the "SEC") on May 14, 2013. As a result, their votes alone were sufficient to ensure approval of the adoption of the Charter Amendment and the approval of the Transactions. Each Voting Agreement terminated on the Closing Date. Shared voting power with respect to the Shares beneficially owned by the Shareholders may be deemed to have been acquired through execution of the Voting Agreements prior to their termination upon the closing of the Stock Sale. As a consequence, Grifols may be deemed to have beneficially owned 156,978,257 Shares prior to the termination of the Voting Agreements on the Closing Date.

(5)

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For additional information regarding the SPA, the Transactions, and the Voting Agreements, please see the Schedule 13D filed by Grifols with the SEC on September 4, 2013.

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.