

ARADIGM CORP  
Form 8-K  
February 12, 2003

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D. C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **February 10, 2003**

**ARADIGM CORPORATION**

(Exact name of registrant as specified in its charter)

**California**

(State or other jurisdiction of incorporation)

**0-28402**

(Commission File No.)

**94-3133088**

(IRS Employer Identification No.)

**3929 Point Eden Way  
Hayward, California 94545**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(510) 265-9000**

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

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**INFORMATION TO BE INCLUDED IN THE REPORT**

**Item 5. Other Events**

As of February 10, 2003, Aradigm Corporation (the Company) entered into a Securities Purchase Agreement filed herewith as Exhibit 10.1 (the Agreement) with the persons listed on Exhibit A to the Agreement (collectively, the Purchasers). Pursuant to the Agreement, the Company agreed to issue and sell to the Purchasers, and the Purchasers agreed to purchase from the Company, approximately 18,992,391 shares of the Company's Common Stock (the Common Stock) at \$0.79 per share (the Shares) and warrants to purchase approximately 4,273,272 shares of the Common Stock at \$1.07 per share (the Warrants and collectively with the Shares, the Securities), for an aggregate purchase price of approximately \$15,004,000 in a private placement (the Financing). For each Share issued to each Purchaser, the Purchaser will receive a Warrant to purchase .225 shares of the Common Stock.

As of February 10, 2003, in connection with the Financing, the Company and certain holders of warrants to purchase 4,016,024 shares of the Common Stock at \$6.97 per share (the Existing Warrants) entered into a Warrant Repricing Agreement in the form filed herewith as Exhibit 10.2 (the Warrant Repricing Agreement). Pursuant to the terms of the Warrant Repricing Agreement and as an inducement to the holders of the Existing Warrants to participate in the Financing, the parties to the Warrant Repricing Agreement agreed to cancel the Existing Warrants and issue in their place, on a one to one basis, new warrants to purchase shares of the Common Stock (the Repriced Warrants). The Repriced Warrants have an exercise price per share of \$1.12 and may only be exercised for cash, except under certain limited circumstances.

The Financing is contingent upon certain closing conditions, including the approval of the Company's shareholders. On February 11, 2003, the Company filed a preliminary proxy statement with the Securities and Exchange Commission (the SEC) pursuant to which the Company will solicit shareholder approval of the Financing. As of February 10, 2003, New Enterprise Associates 10, Limited Partnership, entered into a Voting Agreement with certain shareholders of the Company holding approximately 50% of the Common Stock on an as converted basis, pursuant to which such shareholders have agreed to vote in favor of the Financing. The closing of the Financing is scheduled to occur promptly after the date of the special shareholder meeting. The Company agreed that, within 30 days of the closing date of the Financing, it will prepare and file with the SEC a registration statement covering the resale of the Shares, the shares of Common Stock issuable upon exercise of the Warrants and the shares of Common Stock issuable upon exercise of the Repriced Warrants.

The press release issued by the Company on February 11, 2003 announcing the Financing is filed herewith as Exhibit 99.1.

**Item 7. Exhibits.**

| Exhibit<br>Number | Description   |
|-------------------|---|
| 10.1              | Securities Purchase Agreement, dated as of February 10, 2003, by and between the Company and the persons listed on Exhibit A thereto. |
| 10.2              | Warrant Repricing Agreement, dated as of February 10, 2003, by and between the Company and the persons listed on Exhibit A thereto.   |
| 99.1              | Press Release dated February 11, 2003.  |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ARADIGM CORPORATION**

Dated: February 12, 2003

By: /S/ THOMAS C. CHESTERMAN

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Thomas C. Chesterman

Title: Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**INDEX TO EXHIBITS**

| <b>Exhibit<br/>Number</b> | <b>Description</b>  |
|---------------------------|---|
| 10.1                      | Securities Purchase Agreement, dated as of February 10, 2003, by and between the Company and the persons listed on Exhibit A thereto. |
| 10.2                      | Warrant Repricing Agreement, dated as of February 10, 2003, by and between the Company and the persons listed on Exhibit A thereto.   |
| 99.1                      | Press Release dated February 11, 2003.  |