

ARADIGM CORP  
Form SC 13G/A  
March 28, 2007

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

**SCHEDULE 13G**

**Under the Securities Exchange Act of 1934  
(Amendment No. 1)\***

Aradigm Corporation  
(Name of Issuer)

Common Stock, no par value  
(Title of Class of Securities)

038505301

(CUSIP Number)

March 1, 2007

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 038505301

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NAMES OF REPORTING PERSONS:

1

RA Capital Management, LLC

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2

(a)

(b)

SEC USE ONLY:

3

CITIZENSHIP OR PLACE OF ORGANIZATION:

4

Delaware

SOLE VOTING POWER:

5

NUMBER OF 6,444,010 shares of Common Stock

SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY 6

0

SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON 7

6,444,010 shares of Common Stock

SHARED DISPOSITIVE POWER:

WITH: 8

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

9

6,444,010 shares of Common Stock

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

IA

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NAMES OF REPORTING PERSONS:

1

Richard H. Aldrich

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2

(a)

(b)

SEC USE ONLY:

3

CITIZENSHIP OR PLACE OF ORGANIZATION:

4

USA

SOLE VOTING POWER:

5

NUMBER OF 0

SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY 6

6,444,010 shares of Common Stock

SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON 7

0

SHARED DISPOSITIVE POWER:

WITH: 8

6,444,010 shares of Common Stock

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

9

6,444,010 shares of Common Stock

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

IN

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CUSIP No. 038505301

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NAMES OF REPORTING PERSONS:

1

Peter Kolchinsky

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2

(a)

(b)

SEC USE ONLY:

3

CITIZENSHIP OR PLACE OF ORGANIZATION:

4

USA

SOLE VOTING POWER:

5

NUMBER OF 0

SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY 6

6,444,010 shares of Common Stock

SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON 7

0

SHARED DISPOSITIVE POWER:

WITH: 8

6,444,010 shares of Common Stock

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

9

6,444,010 shares of Common Stock

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

IN

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NAMES OF REPORTING PERSONS:

1

RA Capital Biotech Fund, L.P.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2

(a)

(b)

SEC USE ONLY:

3

CITIZENSHIP OR PLACE OF ORGANIZATION:

4

Delaware

SOLE VOTING POWER:

5

NUMBER OF 6,355,000 shares of Common Stock

SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY 6

0

SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON 7

6,355,000 shares of Common Stock

SHARED DISPOSITIVE POWER:

WITH: 8

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

9

6,355,000 shares of Common Stock

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.0%

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

PN

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NAMES OF REPORTING PERSONS:

1

RA Capital Biotech Fund II, L.P.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2

(a)

(b)

SEC USE ONLY:

3

CITIZENSHIP OR PLACE OF ORGANIZATION:

4

Delaware

SOLE VOTING POWER:

5

NUMBER OF 89,010 shares of Common Stock

SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY 6

0

SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON 7

89,010 shares of Common Stock

SHARED DISPOSITIVE POWER:

WITH: 8

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

9

89,010 shares of Common Stock

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

0.2%

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

PN

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**Item 1.**

- (a) **Name of Issuer:** Aradigm Corporation (the Issuer ).  
 (b) **Address of the Issuer's Principal Executive Offices:** 3929 Point Eden Way, Hayward, CA 94545

**Item 2.**

- (a) **Name of Person Filing:** This joint statement on Schedule 13G (as amended) is being filed by Richard H. Aldrich, Peter Kolchinsky, RA Capital Management, LLC, RA Capital Biotech Fund, L.P. and RA Capital Biotech Fund II, L.P., who are collectively referred to as the Reporting Persons. Mr. Aldrich and Mr. Kolchinsky (together, the Managers ) are the managers of RA Capital Management, LLC ( Capital ), which is the sole general partner of RA Capital Biotech Fund, L.P. ( Fund I ) and RA Capital Biotech Fund II, L.P. ( Fund II ). The Reporting Persons have entered into a Joint Filing Agreement, dated as of March 27, 2007, a copy of which is filed with this Schedule 13G as Exhibit 2 (which is incorporated herein by reference), pursuant to which the Reporting Persons have agreed to file this statement jointly in accordance with the provisions of Rule 13d-1(k) under the Act.
- (b) **Address of Principal Business Office:** The principal business office of the Reporting Persons with respect to the shares reported hereunder is 111 Huntington Avenue, Suite 610, Boston, Massachusetts 02199.
- (c) **Citizenship:** Capital is a Massachusetts limited liability company. Each of Fund I and Fund II is a Delaware limited partnership. The Managers are U.S. citizens.
- (d) **Title and Class of Securities:** Common stock, no par value ( Common Stock )
- (e) **CUSIP Number:** 038505301

**Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

N/A

**Item 4. Ownership**

In the aggregate, the Reporting Persons beneficially own 6,444,010 shares of Common Stock of the Issuer, representing approximately 13.1% of such class of securities. The beneficial ownership of each Reporting Person is as follows: (i) Fund I beneficially owns 6,355,000 shares of Common Stock representing approximately 13.0% of the class, (ii) Fund II beneficially owns 89,010 shares of Common Stock representing approximately 0.2% of the class and (iii) Capital, as the sole general partner of each of Fund I and Fund II, and Mr. Aldrich and Mr. Kolchinsky as the managers of Capital, each beneficially own 6,444,010 shares of Common Stock of the Issuer representing approximately 13.1% of the class. The percentage of the Common Stock beneficially owned by each Reporting Person is based on a total of 49,012,113 shares of

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Common Stock of the Issuer outstanding after the offering described in the Issuer's prospectus dated January 25, 2007. Each of Fund I and Fund II has the power to vote and dispose of the shares of Common Stock beneficially owned by such entity (as described above). Capital, as the sole general partner of each of Fund I and Fund II, has the sole authority to vote and dispose of all of the shares of Common Stock reported in this Schedule 13G. The Managers, by virtue of their position as managers of Capital, have the shared authority to vote and dispose of all of the shares of Common Stock reported in this joint statement Schedule 13G.

**Item 5. Ownership of Five Percent or Less of a Class**

N/A

**Item 6. Ownership of More than Five Percent on Behalf of Another Person**

N/A

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person**

N/A

**Item 8. Identification and Classification of Members of the Group**

N/A

**Item 9. Notice of Dissolution of Group**

N/A

**Item 10. Certification**

By signing below I hereby certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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*Signature*

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATE March 27, 2007

RA CAPITAL BIOTECH FUND, L.P.

By: RA Capital Management, LLC  
General Partner

By: /s/ Richard H. Aldrich  
Richard H. Aldrich  
Manager

RA CAPITAL BIOTECH FUND II, L.P.

By: RA Capital Management, LLC  
General Partner

By: /s/ Richard H. Aldrich  
Richard H. Aldrich  
Manager

RA CAPITAL MANAGEMENT, LLC

By: /s/ Richard H. Aldrich  
Richard H. Aldrich  
Manager

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RICHARD H. ALDRICH

/s/ Richard H. Aldrich

PETER KOLCHINSKY

/s/ Peter Kolchinsky

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Exhibit 2  
JOINT FILING AGREEMENT

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree, as of March 27, 2007, that only one statement containing the information required by Schedule 13G, and each amendment thereto, need be filed with respect to the ownership by each of the undersigned of shares of Common Stock of Aradigm Corporation (the Issuer), and such statement to which this Joint Filing Agreement is attached as Exhibit 2 is filed on behalf of each of the undersigned. This Agreement expressly supersedes the Joint Filing Agreement dated February 5, 2007 among certain of the parties hereto with respect to the filing of information required by Schedule 13G in relation to Common Stock of the Issuer.

RA CAPITAL BIOTECH FUND, L.P.

By: RA Capital Management, LLC  
General Partner

By: /s/ Richard H. Aldrich  
Richard H. Aldrich  
Manager

RA CAPITAL BIOTECH FUND II, L.P.

By: RA Capital Management, LLC  
General Partner

By: /s/ Richard H. Aldrich  
Richard H. Aldrich  
Manager

RA CAPITAL MANAGEMENT, LLC

By: /s/ Richard H. Aldrich  
Richard H. Aldrich  
Manager

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RICHARD H. ALDRICH

/s/ Richard H. Aldrich

PETER KOLCHINSKY

/s/ Peter Kolchinsky