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Proposed Attorney for
ARADIGM CORPORATION
Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re
ARADIGM CORPORATION

CASE NO. 19-40363 WJL

Chapter 11

**DECLARATION OF JOHN SIEBERT IN
SUPPORT OF APPLICATION OF
DEBTOR AND DEBTOR IN POSSESSION
FOR ORDER AUTHORIZING THE
EMPLOYMENT OF EMA PARTNERS,
LLC AS INVESTMENT BANKER TO
THE DEBTOR IN POSSESSION**

Hearing Date: May 7, 2019
Time: 2:00 p.m.
Place: 1300 Clay Street, Room 220
Oakland, CA
Judge: Hon. William J. Lafferty

The undersigned, John Siebert, declares as follows:

1. I am the Acting Principal Executive Officer of Aradigm Corporation (the "Debtor"). Prior to February 15, 2019, I was the Executive Chairman, Interim Principal Executive Officer and Acting Principal Financial Officer of the Debtor. I make this declaration in support of the Debtor's Application For Order Authorizing the Employment of EMA Partners, LLC as Investment Banker to the Debtor in Possession (the "Application"). This declaration based upon my personal knowledge and if called as a witness, I could and would testify as set forth herein.

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1 2. I have reviewed the objection of Grifols, S. A. and Grifols Worldwide Operations
2 (collectively, "Grifols") to the Application. The statements in the objection regarding the efforts
3 made by Wedbush Securities to find a transaction for the Debtor are not accurate.

4 3. The Debtor's stock is publicly traded. Prior to December 2018 the Debtor's stock was
5 listed on the NASDAQ exchange. The Debtor viewed its NASDAQ listing as an important attribute.
6 David Bell, a Grifols employee and one of Grifols' representative on the Debtor's board of directors,
7 told me that the Debtor's NASDAQ listing was one of the Debtor's two most valuable assets.

8 4. In February 2018 the NASDAQ notified the Debtor that the stock would be delisted
9 because the Debtor had not maintained the minimum market value required by the NASDAQ's
10 rules. In order to avoid delisting, in or about February 2018 the Debtor retained Wedbush Securities
11 to seek a sale, merger or financing of the Debtor.

12 5. The Debtor's NASDAQ listing potentially was valuable to a merger partner as that
13 partner could combine with the Debtor in a reverse merger and thereby become a NASDAQ listed
14 public company. The principal focus of Wedbush's engagement therefore was to find a reverse
15 merger partner for the Debtor.

16 6. Wedbush was not successful at finding a reverse merger partner for the Debtor. My
17 understanding is that the Debtor's existing debt load to Grifols and First Eagle Investment
18 Management was a major impediment to any transaction.

19 7. Wedbush effectively ceased its efforts to find a transaction partner for the Debtor by
20 the summer of 2018. My understanding is that Wedbush did so due to the negative feedback it
21 received regarding the Debtor's debt load.

22 8. Initially, the Debtor attempted to market and sell its assets without using an
23 investment banker. However, the Debtor's relationship with Grifols makes the sale process very
24 complex. The Debtor therefore determined that it needed to retain an investment banker to assist the
25 Debtor in the sale process.

26 9. The Debtor interviewed three investment banks that specialize in middle market
27 pharmaceutical companies. All three submitted proposals. All three requested a monthly retainer fee
28 of varying amounts plus a success fee based on a percentage of the consideration received the

1 Debtor. The proposal by EMA Partners, LLC ("EMA") was the most favorable to the Debtor. The
2 Debtor commenced negotiations with EMA. As a result of those negotiations, EMA agreed to
3 reduce its monthly retainer fees to the amounts set forth in the Application.

4 10. During the negotiations, the Debtor requested that EMA agree to reduce its success
5 fee to 50% of the amount that would otherwise be due if the purchaser was Grifols or an affiliate of
6 Grifols. EMA would not agree to this provision.

7 11. After the filing of the Debtor's Chapter 11 case, Grifols made an offer to purchase
8 the Debtor's assets. This offer is at a very low number and in the Debtor's business judgment is far
9 below the value of the Debtor's assets. The Debtor submitted two alternative counter proposals to
10 Grifols on April 16 but Grifols has not responded.

11 I declare under penalty of perjury under the laws of the United States of America that
12 the foregoing is true and correct.

13 DATED: May 6, 2019

/s/ John Siebert

JOHN SIEBERT, Declarant