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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 LISA THOMAS IN  
SUPPORT OF MOTION OF DEBTOR  
AND DEBTOR IN POSSESSION TO  
EXTEND TIME TO FILE SCHEDULES  
AND STATEMENTS**

Judge: William J. Lafferty

NO HEARING REQUIRED

The undersigned, Lisa Thomas, declares as follows:

1. I am the Acting Corporate Controller of Aradigm Corporation (the "Debtor"). I make this declaration based upon my personal knowledge and if called as a witness, I could and would testify as set forth herein.

2. The Debtor is a publicly traded emerging specialty pharmaceutical company focused on the development and commercialization of products for the treatment and prevention of severe respiratory diseases. The Debtor has concentrated on the development of drug delivery technologies, particularly the development of respiratory drug delivery. The Debtor's lead product candidates are proprietary formulations of the potent antibiotic ciprofloxacin that are delivered by inhalation for the management of infections associated with the severe respiratory diseases of cystic fibrosis, non-cystic fibrosis bronchiectasis ("NCFBE") or infections with non-tuberculous

1 mycobacteria.

2 3. The Debtor's inhaled ciprofloxacin formulation ("Ciprofloxacin DI") for the  
3 treatment of NCFBE patients with chronic lung infection with *P. aeruginosa* recently completed  
4 two Phase 3 trials. In July 2017, the Debtor submitted a New Drug Application ("NDA") to the  
5 Federal Drug Administration ("FDA") for Ciprofloxacin DI. In January 2018, the FDA sent a  
6 Complete Response Letter ("CRL") stating that it cannot approve the NDA in its present form. In  
7 2018 the Debtor addressed all issues stated in the CRL and the FDA is now requesting the conduct  
8 of an additional Phase 3 trial. The Debtor remain confident in the efficacy, safety and quality of  
9 Ciprofloxacin DI and is committed to continue working on the approval of Ciprofloxacin DI in the  
10 US for NCFBE patients who have very severe disease with high morbidity and mortality and no  
11 available treatment options.

12 4. In March 2018, the Debtor submitted a marketing authorization application ("MAA")  
13 to the European Medicines Agency ("EMA"), seeking approval for Ciprofloxacin DI for the  
14 treatment of NCFBE patients with chronic lung infection with *P. aeruginosa*. The EMA is  
15 currently reviewing the MAA for Ciprofloxacin DI according to standard timelines.

16 5. The Debtor continues to seek regulatory approval of Ciprofloxacin DI formulation to  
17 treat NCFBE patients. However, the Debtor has limited operating income and relies on investor  
18 capital to fund its operations and its research and development efforts. Addressing the delays the  
19 Debtor has experienced obtaining regulatory approval and the FDA's request for an additional Phase  
20 3 trial will require significant expenditures by the Debtor on additional research and development,  
21 but the Debtor lacks the capital to fund these expenditures. The Debtor therefore filed this Chapter  
22 11 case in order to conserve its cash resources and to pursue a sale of its assets.

23 6. The Debtor currently has a limited staff of thirteen persons. To conserve cash, these  
24 persons work on a part time basis. The majority of the personnel focus on the Debtor's research and  
25 development efforts and the regulatory approval process. The Debtor's accounting personnel  
26 consists of myself, the Acting Controller, and one assistant. My assistant and I are responsible for  
27 the Debtor's internal accounting function as well as the preparation of the Debtor's schedules and  
28 statements and the Debtor's reporting to the United States Trustee, including the Debtor's IDI

1 Checklist and Certification.

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

4 DATED: February 26, 2019

/s/ Lisa Thomas

LISA THOMAS, Declarant