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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

**NOTICE OF (1) MOTIONS OF DEBTOR  
AND DEBTOR IN POSSESSION FOR  
AUTHORIZATION TO ABANDON  
SURPLUS EQUIPMENT AND TO  
REJECT REAL PROPERTY LEASE;  
AND (2) OPPORTUNITY TO REQUEST  
HEARING THEREON**

Tentative

Hearing Date: May 1, 2019

Time: 10:30 a.m.

Place: 1300 Clay Street, Room 220  
Oakland, CA

Judge: Hon. William J. Lafferty

**[HEARING WILL NOT GO FORWARD  
UNLESS OBJECTION OR REQUEST  
FOR HEARING IS TIMELY FILED AND  
SERVED UNDER LOCAL BANKRUPTCY  
RULE 9014-1(B)(3)]**

PLEASE TAKE NOTICE that Aradigm Corporation, as debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 case (the "Chapter 11 Case"), has filed a Motion For Authorization to Abandon Surplus Equipment (the "Motion to Abandon") and a Motion to Reject Real Property Lease (the "Motion to Reject", and collectively, the "Motions"). The Motions seeks authorization for the Debtor to reject the lease of its business premises effective April 30, 2019 and

1 to abandon certain surplus office and laboratory equipment located at the Debtor's business  
2 premises so that the Debtor can dispose of such property in connection with vacating the premises.

3 **I. REJECTION OF LEASE**

4 The Debtor's business premises are located at 3929 Point Eden Way, Hayward, California.  
5 The Debtor leases these premises from Hayward Point Eden 1 Limited Partnership ("Landlord").  
6 The leased premises consist of approximately 19,000 square feet of office and laboratory space. The  
7 monthly rent is currently \$66,760.42. The April rent has been paid.

8 The amount of space far exceeds the Debtor's current needs. The Debtor has eleven  
9 employees and has no need for this much space. The Debtor has identified new premises which the  
10 Debtor can rent commencing May 1 on a month to month basis for \$7,550 to \$8,950 per month,  
11 depending on how much space the Debtor needs, resulting in a savings of nearly \$60,000 per  
12 month. The Debtor therefore filed the Motion to Reject seeking authorization pursuant to  
13 Bankruptcy Code section 365(a) to reject the lease of the premises located at 3929 Point Eden Way,  
14 Hayward, California.

15 **II. ABANDONMENT OF SURPLUS EQUIPMENT**

16 The Debtor maintains at its business premises office equipment and laboratory equipment.  
17 The Debtor outfitted its laboratory approximately 20 years ago and has made little use of the  
18 laboratory for at least the last ten years. As a result, most of the laboratory equipment is old and  
19 obsolete.

20 The Debtor intends to move some of its office equipment to its new location, but the bulk of  
21 the office equipment and all of the laboratory equipment is no longer needed and is surplus. Due to  
22 the substantial cost of moving, the Debtor analyzed what equipment the Debtor needed to keep in  
23 order to maintain its business and what equipment was no longer needed and should be disposed of.  
24 The Debtor concluded that certain equipment, including desks, cubicles, conference room tables,  
25 chair, file cabinets, laboratory shelving and other miscellaneous items were not needed. The Debtor  
26 therefore determined that it is in the best interests of creditors and the estate to dispose of such  
27 surplus equipment in order to avoid the cost of moving it to the new location. A list of the Debtor's  
28 surplus equipment is attached as Exhibit A.

1 The Debtor believes that its surplus office and laboratory equipment is of inconsequential  
2 value and benefit to the estate and is burdensome to the estate. The Debtor therefore filed the  
3 Motion to Abandon seeking authorization pursuant to Bankruptcy Code section 554(a) to abandon  
4 the surplus equipment and to dispose of it.

5 The Court has advised the Debtor that the Court will discuss the Motion to Abandon with  
6 the Debtor at the status conference set for April 17 but the Court will not rule on the Motion at that  
7 time.

8 **Any objection to the requested relief, or a request for hearing on the matter, must be**  
9 **filed and served upon the initiating party within 10 days of the date of mailing of this notice;**

10 **Any objection or request for a hearing must be accompanied by any declarations or**  
11 **memoranda of law any request party wishes to present in support of its position;**

12 **If there is not timely objection to the requested relief or a request for hearing, the court**  
13 **may enter an order granting the relief by default.**

14 **In the event of a timely objection or request for hearing, the tentative hearing date,**  
15 **location and time are May 1, 2019, at 10:30 a.m., or as soon thereafter as the matter may be**  
16 **heard, before the Honorable William Lafferty, United States Bankruptcy Judge, in his**  
17 **courtroom, located at 1300 Clay Street, Courtroom 220, Oakland, California.**

18 DATE: April 12, 2019

JEFFER MANGELS BUTLER & MITCHELL LLP  
BENNETT G. YOUNG, ESQ.

21 By: /s/ Bennett G. Young  
22 BENNETT G. YOUNG  
23 Attorney for ARADIGM CORPORATION  
24 Debtor and Debtor-in-Possession  
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