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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 JUERGEN
FROEHLICH 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, Juergen Froehlich, declares as follows:

1. I am the Acting Chief Medical Officer of Aradigm Corporation (the "Debtor"). I graduated from the Medical School at Wuerzburg University in Germany. I am a Diplomate of the American Board of Clinical Pharmacology, a Fellow of the American College of Clinical Pharmacology and a Fellow of the Faculty of Pharmaceutical Medicine. My duties at the Debtor include overseeing the Debtor's marketing authorization application (the "MAA") to the European Medicines Agency seeking approval for the Debtor's lead product candidate, Ciprofloxacin DI, for the treatment of NCFBE patients with chronic lung infection with *P. aeruginosa*.

1 2. I make this declaration in support of the Debtor's Application For Order Authorizing
2 the Employment of EMA Partners, LLC as Investment Banker to the Debtor in Possession (the
3 "Application"). This declaration based upon my personal knowledge and if called as a witness, I
4 could and would testify as set forth herein.

5 3. I have reviewed the objection of Grifols, S. A. and Grifols Worldwide Operations
6 (collectively, "Grifols") to the Application. The statement in the objection that "the European
7 Medicines Agency has refused to approve the application for Ciprofloxacin DI" is not supported by
8 any current evidence and is misleading.

9 4. The Debtor is still in the process of European Medicines Agency review of its MAA.
10 No final decision has been made. The Debtor received the formal Day 180 List of Outstanding
11 Issues (LOI) from the European Medicines Agency and has until June 25, 2019 to submit its
12 responses to the Day 180 LOI. The Debtor is currently in the process to obtain additional data to
13 address all outstanding issues and prepare and finalize its responses in a timely manner.

14 5. On April 3, 2019 the Debtor had a clarification phone conference with the European
15 Medicines Agency during which the Debtor raised its plan to request conditional approval for the
16 most severe and pre-specified subgroup in the Phase 3 trial. For this subgroup in both trials we have
17 seen a clinically meaningful improvement of much greater magnitude as in the overall populations
18 of each trial. The feedback we received was that we need to provide a mechanistic rationale that
19 explains why the most severe subgroup has a more pronounced response.

20 6. One of the worldwide most renowned clinical experts, Prof James Chalmers,
21 participated in this phone conference. He is convinced such a rationale exists and is currently
22 writing a position paper based on currently available clinical data to provide the rationale. This
23 rationale will be submitted with the Debtor's response to the Day 180 LOI. Only after review of this
24 response will the EMA be able to make a decision on the approvability of our MAA.

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1 7. We expect a hearing in front of the CHMP (the decision making body for the MAA)
2 to substantiate our request for conditional approval. A final decision by the CHMP is not expected
3 before September or October of this year. The Debtor believes that, if the Debtor receives
4 conditional approval from the CHMP, the value of its assets will increase significantly.

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

7 DATED: May 6, 2019

/s/ Juergen Froehlich

JUERGEN FROEHLICH, Declarant

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