



Aradigm Announces Third Quarter 2009 Financial Results

Inhaled Liposomal Ciprofloxacin Program is Progressing; Milestone Payment and Royalties Will Be Received Upon Zogenix Planned January 2010 Product Launch

HAYWARD, Calif., Nov 05, 2009 (BUSINESS WIRE) -- **Aradigm Corporation (OTCBB:ARDM)** (the "Company") today announced financial results for the third quarter and nine months ended September 30, 2009 and recent highlights.

Revenue for the third quarter of 2009 was \$4.9 million, compared to revenue of \$0.2 million for the third quarter of 2008. The bridging study fee, milestone payment and research and development reimbursements received in connection with the collaboration with Lung Rx, Inc. ("Lung Rx") for the development of inhaled treprostinil in the AERx(R) delivery system which had previously been recorded as deferred revenue were recognized in the third quarter upon termination of the collaboration by Lung Rx.

Total operating expenses for the third quarter of 2009 were \$5.4 million, compared to total operating expenses of \$4.8 million for the third quarter of 2008. The increase in operating expenses resulted from the Company recording, in accordance with generally accepted accounting principles, \$1.6 million in asset impairment expense associated with the Lung Rx collaboration termination to reflect the idle state of AERx production fixed assets. The partially offsetting decrease in operating expenses was due to cost control efforts. The Company's net loss for the third quarter of 2009 was \$0.6 million, or \$0.01 per share, compared to a net loss of \$4.6 million, or \$0.08 per share, for the third quarter of 2008.

As of September 30, 2009, cash, cash equivalents and short-term investments totaled \$11.8 million.

Recent Highlights

- Final preparations for the initiation of the Phase 2b program to evaluate the Company's once-daily inhaled liposomal ciprofloxacin administered via nebulizer in patients with non-cystic fibrosis bronchiectasis are progressing, with international regulatory, institutional review board and ethics committee approvals being completed and site initiation underway. This orphan drug condition is a chronic severe respiratory disease and there is currently no drug specifically approved for its treatment in the U.S.
- The Company will be entitled to a \$4.0 million milestone payment upon initial U.S. commercialization by Zogenix, Inc. ("Zogenix") of SUMAVEL* DosePro* needle-free delivery system, as well as royalty payments upon sales of DosePro products. Zogenix announced that it had completed a \$51 million preferred stock financing, with the capital to be used to finance the January 2010 planned launch of SUMAVEL DosePro. Zogenix and its European partner, Desitin Pharmaceuticals, GmbH ("Desitin"), announced that Desitin has filed for European regulatory approval of SUMAVEL DosePro following the successful completion of a European pivotal bioequivalence trial.

"We are very pleased that the first product using the needle-free DosePro technology is now ready for commercialization in the U.S. by Zogenix and its partner, Astellas Pharma US, Inc. We are continuing in our efforts to seek new collaborations utilizing our AERx technology platform and to generate non-dilutive financing by monetizing our non-strategic assets, while focusing on the development of inhaled liposomal ciprofloxacin for the prevention and treatment of infections associated with severe respiratory diseases," said Igor Gonda, the Company's CEO and President.

About Aradigm

Aradigm is an emerging specialty pharmaceutical company focused on the development and commercialization of drugs delivered by inhalation for the treatment of severe respiratory diseases by pulmonologists. The Company has product candidates addressing the treatment of cystic fibrosis, bronchiectasis, inhalation anthrax infections and smoking cessation.

Aradigm, AERx, and the Aradigm Logo are registered trademarks of Aradigm Corporation.

* Other names and brands may be claimed as the property of others.

More information about Aradigm can be found at www.aradigm.com.

Forward-Looking Statements

Except for the historical information contained herein, this news release contains forward-looking statements, including statements regarding royalty payments upon commercialization of SUMAVEL DosePro products. These forward-looking statements involve risk and uncertainties, including the advancement of product development, commercialization efforts, status of collaboration arrangements and the ability to successfully manage and preserve cash, as well as the other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-K for the year ended December 31, 2008 files with the SEC on March 30, 2009, and the Company's Quarterly Reports on Form 10-Q.

ARADIGM CORPORATION CONDENSED STATEMENTS OF OPERATIONS (In thousands, except per share data) (Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Revenues	\$ 4,883	\$ 197	\$ 4,883	\$ 251
Operating expenses:				
Research and development	2,426	3,199	9,079	12,892
General and administrative	1,323	1,615	4,089	4,989
Restructuring and asset impairment	1,638	19	1,860	61
Total operating expenses	5,387	4,833	15,028	17,942
Loss from operations	(504)	(4,636)	(10,145)	(17,691)
Interest income	16	146	58	709
Interest expense	(109)	(105)	(318)	(303)
Other income (expense), net	1	(1)	(3)	(1)
Net loss	\$ (596)	\$ (4,596)	\$ (10,408)	\$ (17,286)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.08)	\$ (0.12)	\$ (0.32)
Shares used in computing basic and diluted net loss per common share	99,347	54,165	89,888	54,111

ARADIGM CORPORATION CONDENSED BALANCE SHEETS (In thousands)

	September 30,		December 31,	
	2009		2008	
	(Unaudited)		*	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	3,125	\$	16,741
Short-term investments		8,661		2,399
Receivables		243		393
Restricted cash		225		225
Prepaid and other current assets		321		387
Total current assets		12,575		20,145
Property and equipment, net		2,352		5,093
Notes receivable from officers and employees		51		34
Other assets		135		247
Total assets	\$	15,113	\$	25,519
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable		245		739
Accrued clinical and cost of other studies		451		94
Accrued compensation		936		1,051
Facility lease exit obligation		257		318

Other accrued liabilities	390	630
Total current liabilities	2,279	2,832
Deferred rent	143	199
Facility lease exit obligation	896	1,056
Deferred revenue, non-current	---	4,122
Other non-current liabilities	75	82
Note payable and accrued interest	8,787	8,472
Shareholders' equity	2,933	8,756
Total liabilities and shareholders' equity	\$ 15,113	\$ 25,519

* The balance sheet at December 31, 2008 has been derived from the audited financial statements at that date.

SOURCE: Aradigm Corporation

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Investor Relations

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