

ARADIGM CORP

FORM 10-K/A (Amended Annual Report)

Filed 08/16/16 for the Period Ending 12/31/15

Address	3929 POINT EDEN WAY HAYWARD, CA 94545
Telephone	5102659000
CIK	0001013238
Symbol	ARDM
SIC Code	3845 - Electromedical and Electrotherapeutic Apparatus
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington D.C. 20549

**Form 10-K/A
(Amendment No. 3)**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____,

Commission File Number: 001-36480

Aradigm Corporation

(Exact Name of Registrant as Specified in Its Charter)

California
(State or Other Jurisdiction of
Incorporation or Organization)

94-3133088
(I.R.S. Employer
Identification No.)

3929 Point Eden Way, Hayward, CA 94545
(Address of Principal Executive Offices)

Registrant's telephone number, including area code:
(510) 265-9000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, no par value

Name of Each Exchange on Which Registered
The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant, based upon the closing price of a share of the registrant's common stock on June 30, 2015 was: \$38,322,138.

The number of shares of the registrant's common stock outstanding as of March 7, 2016 was: 14,761,351.

DOCUMENTS INCORPORATED BY REFERENCE

EXPLANATORY NOTE

This Amendment No. 3 to Form 10-K, or this Amendment, amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 originally filed on March 30, 2016, or the Original Filing, and amended on May 9, 2016, or Amendment No. 1, and on May 11, 2016, or Amendment No. 2, by Aradigm Corporation, a California corporation. We are filing this Amendment to present the information required by Items 2 and 3 of Part I of Form 10-K, to amend the information in Item 9A of Part II of Form 10-K and to amend the information in Item 12 of Part III of Form 10-K.

This Amendment amends and restates in their entirety Items 2 and 3 of Part I of the Original Filing and Item 9A of Part II of the Original Filing. This Amendment also supplements the information already disclosed in Item 12 of Part III of Amendment No. 1. Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Filing or modify or update any of the other disclosures contained therein in any way other than as required to reflect the amendments discussed above. Accordingly, this Amendment should be read in conjunction with the Original Filing and our other filings with the Securities and Exchange Commission, or SEC.

When we refer to “we,” “our,” “us,” the “Company” or “Aradigm” in this document, we mean the current California corporation, or Aradigm Corporation, as well as all of our consolidated subsidiaries.

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In Aradigm’s filings with the SEC, information is sometimes “incorporated by reference.” This means that we refer you to information previously filed with the SEC that should be considered as part of the particular filing. As provided under SEC regulations, the “Compensation Committee Report” contained in this Amendment specifically is not incorporated by reference into any other filings with the SEC and shall not be deemed to be “filed” with the SEC. In addition, this Amendment includes a website address. This website address is intended to provide inactive, textual references only. The information on this website is not part of this Amendment.

PART I

Item 2. *Properties*

As of December 31, 2015, we leased one building with an aggregate of 72,000 square feet office and laboratory facilities at 3929 Point Eden Way, Hayward, California. This building serves as our Corporate office and our research and development facility with a lease expiration of July 2016. In 2007, we entered into a long-term sublease with Mendel Biotechnology, Inc. (“Mendel”). The sublease with Mendel is for approximately 48,000 square feet and expires concurrently with our lease. In April 2009, we entered into an amendment to our sublease agreement with Mendel to sublease to Mendel an additional 1,550 square feet. In January 2012, Mendel waived their right to early termination of the sublease and we entered into a second amendment to the sublease for an additional approximately 3,300 square feet which commenced on April 1, 2012. The sublease with Mendel substantially reduced our net outstanding lease commitment (see Note 8 to the consolidated financial statements included in this Annual Report on Form 10-K). Our current building is expected to meet our facility requirements for the foreseeable future.

Item 3. *Legal Proceedings*

None.

PART II

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this report, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of the end of the period covered by this report to ensure that information that we are required to disclose in reports that management files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and our chief executive officer and chief financial officer have concluded that these controls and procedures are effective at the “reasonable assurance” level. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control—Integrated Framework* (2013 framework). Based on its assessment using the COSO criteria, management concluded that our internal control over financial reporting was effective as of December 31, 2015.

As a result of the enactment of the Dodd-Frank Wall Street reform and Consumer Protection Act, “Exemption for Non-accelerated Filer,” and in accordance with Section 989G of that act, we are not required to provide an attestation report of our independent registered public accounting firm regarding internal control over financial reporting for this fiscal year or thereafter, until such time as we are no longer eligible for the exemption set forth therein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**Equity Compensation Plans**

The following table summarizes our equity compensation plan information as of March 31, 2016. Information is included for the equity compensation plans approved by our shareholders. There are no equity compensation plans not approved by our shareholders.

Plan Category	Common Stock to be Issued Upon Exercise of Outstanding Options and Rights	Weighted-Average Exercise Price of Outstanding Options and Rights	Common Stock Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by Aradigm shareholders	1,171,078(1)	\$10.82	153,688(2)
Equity compensation plans not approved by Aradigm shareholders	—	—	—

(1) Issued pursuant to the Company's 2005 Equity Incentive Plan and the 2015 Plan.

(2) Shares available for future issuance includes 114,293 shares reserved under Employee Stock Purchase Plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hayward, State of California, on the 16th day of August 2016.

ARADIGM CORPORATION

By: /s/ Igor Gonda

Igor Gonda

President and Chief Executive Officer

Date: August 16, 2016

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
31.5	Section 302 Certification of the Chief Executive Officer.
31.6	Section 302 Certification of the Chief Financial Officer.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Igor Gonda, Chief Executive Officer, certify that:

1. I have reviewed this Amendment No. 3 to Annual Report on Form 10-K of Aradigm Corporation for the year ended December 31, 2015; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

/s/ Igor Gonda

Igor Gonda

President and Chief Executive Officer

Dated: August 16, 2016

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nancy E. Pecota, Chief Financial Officer and Chief Accounting Officer, certify that:

1. I have reviewed this Amendment No. 3 to Annual Report on Form 10-K of Aradigm Corporation for the year ended December 31, 2015; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

/s/ Nancy E. Pecota

Nancy E. Pecota

Chief Financial Officer

Dated: August 16, 2016