



May 14, 2013

Aradigm Announces First Quarter 2013 Financial Results

HAYWARD, Calif.--(BUSINESS WIRE)-- **Aradigm Corporation (OTCBB: ARDM.OB)** (the "Company") today announced financial results for the first quarter and three months ended March 31, 2013.

Total revenue was \$0.3 million for the first quarter of 2013, compared with \$0.3 million in revenue for the first quarter of 2012. Revenue for both quarters reflects the quarterly royalty payment from Zogenix, Inc. for SUMAVEL* product sales.

Total operating expenses for the first quarter of 2013 were \$3.2 million, compared with total operating expenses of \$1.9 million for the first quarter of 2012. The increase in operating expenses was primarily due to higher R&D expenses from the initiation of the 9 month inhalation study in dogs associated with the Company's inhaled ciprofloxacin program. The Company's net loss for the first quarter of 2013 was \$3.3 million, or \$0.01 per share, compared with a net loss of \$2.0 million, or \$0.01 per share, for the same period in 2012.

As of March 31, 2013, cash, cash equivalents and short-term investments totaled \$4.6 million.

About Aradigm

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

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 that involve risk and uncertainties, including the payment of royalties, 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, 2012 filed with the SEC on March 27, 2013, and the Company's Quarterly Reports on Form 10-Q.

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

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

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

	Three months ended March 31,	
	2013	2012
Revenues	\$ 279	\$ 282
Operating expenses:		
Research and development	1,984	786
General and administrative	1,220	1,083
Restructuring and asset impairment	7	9
Total operating expenses	<u>3,211</u>	<u>1,878</u>

Loss from operations	(2,932)	(1,596)
Interest income	2	4
Interest expense	(394)	(370)
Other income (expense), net	(1)	2
Net loss	<u>\$ (3,325)</u>	<u>\$ (1,960)</u>
Change in unrealized gains (losses) on available-for-sale securities	-	(1)
Comprehensive loss	<u>\$ (3,325)</u>	<u>\$ (1,961)</u>
Basic and diluted net loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Shares used in computing basic and diluted net loss per common share	<u>249,941</u>	<u>197,923</u>

ARADIGM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2013 (Unaudited)	December 31, 2012 *
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,126	\$ 7,414
Short-term investments	2,490	203
Receivables	42	41
Prepaid and other current assets	195	106
Total current assets	<u>4,853</u>	<u>7,764</u>
Property and equipment, net	635	727
Other assets	449	475
Total assets	<u>\$ 5,937</u>	<u>\$ 8,966</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	204	330
Accrued clinical and cost of other studies	541	500
Accrued compensation	245	184
Facility lease exit obligation	149	144
Other accrued liabilities	290	127
Total current liabilities	<u>1,429</u>	<u>1,285</u>
Deferred rent	144	144
Facility lease exit obligation, non-current	428	465
Note payable and accrued interest	8,607	8,513
Shareholders' deficit	(4,671)	(1,441)
Total liabilities and shareholders' deficit	<u>\$ 5,937</u>	<u>\$ 8,966</u>

* The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date.

Aradigm Corporation
Nancy Pecota, 510-265-8800
Chief Financial Officer

Source: Aradigm Corporation

