April 1, 2014

# Arrowhead Completes Enrollment of First Cohort in Phase 2a Trial of Chronic Hepatitis B Candidate ARC-520

## - Zhen Li, Ph.D., appointed as Vice President of CMC and Manufacturing

PASADENA, Calif. — April 1, 2014 — Arrowhead Research Corporation (NASDAQ: ARWR), a biopharmaceutical company developing targeted RNAi therapeutics, today announced that the first cohort of 8 patients has been fully enrolled and dosed in a Phase 2a clinical trial of ARC-520, its RNAi therapeutic for the treatment of chronic hepatitis B virus (HBV) infection. The trial remains on schedule to meet the previously stated goal of completing dosing in the second quarter and releasing top line results in the third quarter.

"The pace of patient accrual for the ARC-520 Phase 2a study has been very encouraging with the first dose group being enrolled and dosed in just over a week," said Christopher Anzalone, Ph.D., Arrowhead's President and CEO. "According to the study protocol, we expect to begin dosing the next cohort in May and remain confident that we can release top line data in the third quarter. ARC-520 has the potential to be the first drug candidate ever to demonstrate consistent hepatitis B surface antigen reduction in humans, which is thought to be critical in achieving a functional cure for chronic HBV."

The Phase 2a study is planned to enroll up to 16 chronic HBV patients in two dose cohorts with patients receiving either ARC-520 or placebo in combination with entecavir. The study is designed to evaluate the depth and duration of hepatitis B surface antigen decline, among other measures, in response to a single dose of ARC-520.

Arrowhead also announced that Zhen Li, Ph.D. has joined Arrowhead as Vice President of CMC and Manufacturing. Dr. Li will have overall leadership responsibilities for analytical methods development, process development, scale up, and production of all precursors, drug substance and drug product for the Company's development candidates.

"Zhen's experiences at Merck and Novartis will provide a strong foundation for Arrowhead to build global sourcing capabilities for our RNAi drug candidates", said Bruce D. Given, MD, Arrowhead's COO. "This hiring is a key component of our plans to build a multi-program pipeline of RNAi therapeutics based on Arrowhead's DPC delivery technology."

Prior to joining Arrowhead, Dr. Li was at Merck & Co., where she was a leader in RNAi Therapeutics, Process Chemistry and was responsible for research synthesis and supply chains for all siRNA delivery technologies and siRNA active substances. Dr. Li has also held leadership positions at Novartis and Schering Plough Pharmaceuticals.

**About ARC-520**

Arrowhead's RNAi-based candidate ARC-520 is designed to treat chronic HBV infection by reducing the expression and release of new viral particles and key viral proteins. The goal is to achieve a functional cure, which is an immune clearant state characterized by hepatitis B s-antigen negative serum with or without sero-conversion. The siRNAs in ARC-520 intervene at the mRNA level, upstream of where nucleotide and nucleoside analogues act. In transient and transgenic mouse models of HBV infection, a single co-injection of Arrowhead's DPC delivery vehicle with cholesterol-conjugated siRNA targeting HBV sequences resulted in multi-log knockdown of HBV RNA, proteins and viral DNA with long duration of effect. Arrowhead has completed enrollment in a Phase 1 single ascending dose study in normal volunteers. The company is conducting a single dose Phase 2a study in chronic HBV patients, which it expects to follow with a multi dose, multi national Phase 2b study. Approximately 350 million people worldwide are chronically infected with the hepatitis B virus. Chronic HBV infection can lead to cirrhosis of the liver and is responsible for 80% of primary liver cancers globally.

**About Arrowhead Research Corporation**

Arrowhead Research Corporation is a biopharmaceutical company developing targeted RNAi therapeutics. The company is leveraging its proprietary drug delivery technologies to develop targeted drugs based on the RNA interference mechanism that efficiently silences disease-causing genes. Arrowhead technologies also enable partners to create peptide-drug conjugates that specifically home to cell types of interest while sparing off-target tissues. Arrowhead's pipeline includes clinical programs in chronic hepatitis B virus and partner-based programs in obesity and oncology.

For more information please visit http://www.arrowheadresearch.com, or follow us on Twitter @ArrowRes. To be added to the Company's email list to receive news directly, please send an email to ir@arrowres.com

**NASDAQ Notice**

As an inducement to entering into employment with the Company on March 27, 2014, Dr. Li was awarded an "inducement" option under Rule 5635©(4) of the NASDAQ Marketplace Rules. The option entitles Dr. Li to purchase, outside of the Company's stockholder approved equity incentive plans, an aggregate of up to 60,000 shares of the Company's common stock at an exercise price per share of $16.33, the last reported closing price of the Company's common stock on the date of grant. The option vests and becomes exercisable over a period of four years from the date of grant.

**Safe Harbor Statement under the Private Securities Litigation Reform Act:**

This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current expectations and speak only as of the date hereof. Our actual results may differ materially and adversely from those expressed in any forward-looking statements as a result of various factors and uncertainties, including our ability to finance our operations, the future success of our scientific studies, our ability to successfully develop drug candidates, the timing for starting and completing clinical trials, rapid technological change in our markets, and the enforcement of our intellectual property rights. Arrowhead Research Corporation's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q discuss some of the important risk factors that may affect our business, results of operations and financial condition. We assume no obligation to update or revise forward-looking statements to reflect new events or circumstances. .

**Contacts:**

Vince Anzalone
Arrowhead Research
626-304-3400
ir@arrowres.com

Lauren Glaser
The Trout Group
646-378-2972
ir@arrowres.com