

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-Q/A

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2006.

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

Commission file number 000-21898

ARROWHEAD RESEARCH CORPORATION

(Name of small business issuer in its charter)

Delaware
(State of incorporation)

46-0408024
(I.R.S. Employer Identification No.)

**201 S. Lake Avenue, Suite 703
Pasadena, California 91101
(626) 304-3400**
(Address and telephone number of principal executive offices)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 34,233,127 as of February 8, 2007.

Transitional Small Business Disclosure Format (Check one): Yes No

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS

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SIGNATURES

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ARROWHEAD RESEARCH CORPORATION

**FORM 10-Q/A
Amendment No. 1**

EXPLANATORY NOTE

This amendment on Form 10-Q/A is being filed to revise Part II — Other Information of the Quarterly Report on Form 10-Q for the quarter ended December 31, 2007 that was filed on February 9, 2007 (“the Report”) solely to include Exhibit 10.16. This amendment to the Report does not alter any part of the content of the Report, except for the changes and additional information provided herein. This amendment continues to speak as of the date of the Report. We have not updated the disclosures contained in this amendment to reflect any events that occurred at a date subsequent to the filing of the Report. The filing of this amendment is not a representation that any statements contained in the Report or this amendment are true or complete as of any date subsequent to the date of the Report. This amendment does not affect the information originally set forth in the Report, the remaining portions of which have not been amended.

ITEM 6. EXHIBITS.

Exhibit Number	Document Description
3.1	Certificate of Incorporation of InterActive, Inc., a Delaware company, dated February 8, 2001 (1)
3.2	Certificate of Amendment of Certificate of Incorporation of InterActive Group, Inc., dated January 12, 2004 (effecting, among other things a change in the corporation's name to "Arrowhead Research Corporation") (2)
3.3	Certificate of Amendment to Certificate of Incorporation, dated January 25, 2005 (3)
3.4	Bylaws (1)
4.1	Form of Registration Rights Agreement dated January 24, 2006 (4)
4.2	Form of Warrant to Purchase Common Stock issued January 24, 2006 (4)
10.1**	Copy of the Arrowhead Research Corporation (fka InterActive, Inc.) 2000 Stock Option Plan, the Arrowhead Research Corporation Stock Option Agreement (Incentive Stock Option) and the Arrowhead Research Corporation Stock Option Agreement (Nonstatutory Option) (5)
10.2**	Copy of the Arrowhead Research Corporation 2004 Equity Incentive Plan (6)
10.3	Common Stock and Warrant Purchase Agreement, dated as of January 11, 2006, among Arrowhead, York, Knott and certain affiliates (4)
10.4**	Copy of Arrowhead Research Corporation 2004 Equity Incentive Plan, as amended February 23, 2006 (7)
10.5	Series A Preferred Stock Purchase Agreement between Arrowhead Research and Calando Pharmaceuticals, Inc. dated March 31, 2006 (8)
10.6	Agreement to Provide Additional Capital between Arrowhead Research and Calando Pharmaceuticals, Inc. dated March 31, 2006 (8)

Exhibit Number	Document Description
10.7	Common Stock Transfer Agreement among Arrowhead Research, Mark Davis, John Petrovich and John Rossi (8)
10.8	Series A Preferred Stock Purchase Agreement between Arrowhead Research Corporation and Nanopolaris, Inc. dated June 13, 2006 (9)
10.9	Agreement to Provide Additional Capital between Arrowhead Research Corporation and NanoPolaris, Inc. dated June 13, 2006 (9)
10.10	Severance Agreement and General Release between Arrowhead Research Corporation and Leon Ekchian dated August 1, 2006 (10)
10.11**	Executive Incentive Plan, adopted December 12, 2006 (11)
10.12**	Directors Compensation Policy, as amended December 12, 2006 (11)
10.13	Amended and Restated License Agreement between Insert Therapeutics, Inc. and Calando Pharmaceuticals, Inc. dated July 1, 2005 (Portions omitted pursuant to request for confidential treatment.) (11)
10.14	Series C-2 Stock Purchase Agreement between Arrowhead Research Corporation and Insert Therapeutics, Inc. dated October 25, 2006. (12)
10.15	Form of Warrant Agreement between Arrowhead Research Corporation and Insert Therapeutics, Inc. dated October 25, 2006. (12)
10.16	Employment Arrangement between Edward Jacobs and Insert Therapeutics, Inc., dated August 30, 2006.*
31.1	Section 302 Certification of Chief Executive Officer*
31.2	Section 302 Certification of President & Chief Financial Officer *
32.1	Section 1350 Certification by Principal Executive Officer*
32.2	Section 1350 Certification by President & Principal Financial Officer*

* Filed herewith.

** Indicates compensation plan, contract or arrangement.

(1) Incorporated by reference from the Schedule 14C filed by registrant on December 22, 2000.

(2) Incorporated by reference from the Schedule 14C filed by registrant on December 22, 2003.

(3) Incorporated by reference from the Quarterly Report on Form 10-QSB for the quarter ended December 31, 2004, filed by registrant on February 11, 2005.

(4) Incorporated by reference from the Current Report on Form 8-K, filed by registrant on January 18, 2006.

(5) Incorporated by reference from the Registration Statement on Form S-8, filed by registrant on October 29, 2004.

(6) Incorporated by reference from Annex A to the definitive Schedule 14C filed by registrant on December 16, 2004.

(7) Incorporated by reference from the Current Report on Form 8-K filed by registrant on February 28, 2006.

(8) Incorporated by reference from the Current Report on Form 8-K filed by registrant on April 6, 2006.

(9) Incorporated by reference from the Current Report on 8-K filed by the registrant on June 16, 2006.

(10) Incorporated by reference from the Quarterly Report on 10-Q filed by the registrant on August 9, 2006.

(11) Incorporated by reference from the Annual Report on Form 10-K filed by the registrant on December 14, 2006.

(12) Incorporated by reference from the Current Report on Form 8-K filed by the registrant on October 27, 2006.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Issuer has caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 9, 2007

ARROWHEAD RESEARCH CORPORATION.

BY: /s/ Joseph T. Kingsley

Joseph T. Kingsley
Chief Financial Officer

Insert Therapeutics, Inc.
129 North Hill Avenue
Suite 104
Pasadena, CA 91106

August 30, 2006

HAND DELIVERED

Mr. Edward Jacobs

Dear Ed,

I am pleased to offer you full-time employment as the President and Chief Executive Officer of Insert Therapeutics, Inc. ("Insert") under the following terms:

1. You will report to the Board of Directors of Insert and will have such duties and responsibility as are typically associated with being the President and Chief Executive Officer in a start-up company. As a key member of Insert's management team, you will be expected to work with the other key members of Insert's and Arrowhead's management to ensure the long term success of Insert.
2. Your gross base salary will be \$6,346.15 per week (which equates to \$330,000.00 per year). Insert's payroll is paid on a bi-weekly basis. It is expected that your start date will be on or before November 15, 2006. In addition, you will receive the following additional cash compensation:
 - a. A temporary housing allowance of \$2,000 per month for temporary housing, meals and transportation in the Pasadena area, subject to a maximum of \$26,000, commencing January 1, 2007, until such time as you have sold your principal residence in Dublin, CA, and purchased a permanent residence in the Pasadena area. If you find permanent housing in the Pasadena area before this housing allowance has been fully utilized, any unused portion may be used to reimburse actual relocation expenses, if any, in excess of the maximum in paragraph 2.b, below.
 - b. A reimbursement of actual relocation expenses up to a maximum aggregate of \$60,000 (including broker fees on the sale of your house in Dublin, CA, packing, moving & storage expenses and similar relocation-related expenses), which will be payable upon submission of an expense report, as such expenses are incurred.
 - c. A signing bonus of \$35,000, which will be fully earned upon your commencement of employment at Insert and paid at the time of your first regular salary payment.
 - d. For the first fifteen months of your employment, Insert will reimburse up to \$1,000 per month in travel expenses between Phoenix, AZ and the Los Angeles area for you and/or your wife upon submission of an expense report. Insert will also reimburse you for reasonable and necessary travel expenses incurred in connection with the execution of your duties and in accordance with Arrowhead's travel policy.

All payments that constitute cash compensation will be subject to, and paid net of, all standard payroll deductions and withholding taxes, as required by law and company policies.

3. You will be eligible to participate in Insert's Executive Bonus Plan when it is adopted. Bonuses relating to the completion of major collaborations or partnerships and other similar events will be taken into account under this plan. In addition, you will receive a one-time Special Projects Bonus of \$100,000, payable upon the closing or effective date, as the case may be of Insert's initial public offering or any acquisition of Insert or substantially all of its assets in any transaction approved by the Board of Directors.
4. A recommendation will be made to the Board of Directors for a grant of an option to purchase 1,000,000 shares of the common stock of Insert vesting 166,667 shares on July 1, 2007 (assuming a January 1, 2007, start date) and 20,833.33 shares on each monthly anniversary for 40 months thereafter. The option strike price will be \$0.35 which is the fair market value of the common stock of Insert as established by the Board of Directors. The option will be administered under the terms and conditions of Insert's 2000 Stock Option/Stock Incentive Plan.
5. A recommendation will be made to the Board of Directors of Arrowhead for a grant of an option to purchase 50,000 shares of the common stock of Arrowhead Research Corporation vesting 8,333 shares July 1, 2007, (assuming a January 1, 2007, start date) and 1,041.67 shares on each monthly anniversary for 40 months thereafter. The option strike price will be based on the closing price of Arrowhead common stock on the NASDAQ Stock Market on the later of your start date or Arrowhead's Board of Director's approval. The option will be administered under the terms and conditions of Arrowhead's 2004 Equity Incentive Plan.
6. You will be eligible to participate in the various employee benefit plans and programs offered by Arrowhead (health, dental, life, and disability insurance and Arrowhead's 401(k) Plan) in accordance with the provisions of those plans and programs. An employee handbook is attached.
7. Your employment relationship is "at will", subject to the satisfaction of the Board of Directors, which means that either you or Insert may terminate your employment at any time and for any reason or for no reason with or without notice.
8. This offer is contingent upon the satisfactory outcome of a background check. A consent for background check and employment application are included with this offer letter. The employment application and the consent should be completed by you and returned as soon as possible.
9. All other matters concerning your employment which are not specifically described in this offer letter shall be in accordance with Arrowhead's standard practices and procedures.

Your offer is also contingent upon (1) signing the Insert Therapeutics, Inc. At-Will, Confidential Information and Invention Assignment Agreement, and (2) agreeing to abide by the Arrowhead Research Code of Corporate Conduct and Insider Trading Policy, and (3) establishing your identity and authorization to work as required by the Immigration Reform and Control Act of 1986 and (4) acceptance of the offer by October 15, 2006, entering into a consulting arrangement with Insert not later than November 1, 2006, and commencing your duties as President and CEO not later than January 1, 2007. The applicable documents are attached for your review. These documents must be accepted, signed and/or completed on your first day of work with Arrowhead.

Signing below will signify your acceptance of this offer of employment. This offer letter contains the entire agreement and understanding between you and Insert and supersedes any prior or contemporaneous agreements, understandings, communications, offers, representations, warranties, or commitments by or on behalf of Insert (either oral or written). The terms of your employment may, in the future, be amended but only in writing, signed by you and signed by a duly authorized officer on behalf of Insert.

In the event a dispute does arise, this letter, including the validity, interpretation, construction and performance of this letter, shall be governed by and construed in accordance with the substantive laws of the State of California. Jurisdiction for resolution of any disputes shall be solely in California.

If these terms are agreeable to you, please sign and date the letter in the appropriate space at the bottom and return it to Arrowhead. We hope you accept our offer and look forward to your joining the Insert team.

Sincerely,

/s/ John G. Petrovich

John Petrovich
President

ACCEPTED:

/s/ Edward Jacobs

Edward Jacobs

SECTION 302 CERTIFICATION

I, R. Bruce Stewart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arrowhead Research Corporation;

2. Based on my knowledge, this Quarterly 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 Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2007

/s/ R. BRUCE STEWART

R. Bruce Stewart,
Chief Executive Officer

SECTION 302 CERTIFICATION

I, Joseph T. Kingsley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arrowhead Research Corporation;

2. Based on my knowledge, this Quarterly 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 Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2007

/s/ JOSEPH T. KINGSLEY

Joseph T. Kingsley
Interim President & Chief Financial Officer

SECTION 906 CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Arrowhead Research Corporation (the "Company") for the quarter ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, R. Bruce Stewart, the chief executive officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 9, 2007

/s/ R. BRUCE STEWART

R. Bruce Stewart
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 906 CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Arrowhead Research Corporation (the "Company") for the quarter ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph T. Kingsley, the chief financial officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 9, 2007

/s/ JOSEPH T. KINGSLEY

Joseph T. Kingsley
Interim President & Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.