
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 2, 2009

Arrowhead Research Corporation

(Exact name of registrant as specified in its charter)

0-21898

(Commission File Number)

Delaware

(State or other jurisdiction of incorporation)

46-0408024

(IRS Employer Identification No.)

201 South Lake Avenue, Suite 703, Pasadena, CA 91101

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (626) 304-3400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On July 2, 2009, Mr. Paul McDonnel indicated his intention to resign as Chief Financial Officer of Arrowhead Research Corporation (the “Company”) and its subsidiaries, including Calando Pharmaceuticals, Inc., effective as of August 10, 2009 or such other date as may be mutually agreed upon by Mr. McDonnel and the Company. To aid in the transition, Mr. McDonnel is expected to continue to serve as Chief Financial Officer until at least August 10, 2009, when the Company’s next quarterly report on Form 10-Q is due. Mr. McDonnel plans to relocate to Salt Lake City, Utah and has accepted a position as Chief Operating Officer of a private company. Effective as of July 6, 2009, Mr. McDonnel ceased to be a full-time employee of the Company and will be compensated thereafter on a part-time basis for his services at an hourly rate of \$125 per hour for up to 10 hours of work per week as necessary to fulfill his responsibilities. Once Mr. McDonnel resigns his position as Chief Financial Officer, the Company expects that it may continue to utilize Mr. McDonnel as a consultant as needed to provide assistance with any ongoing transition matters.

Commencing on July 6, 2009, to provide executive and financial management and continuity through the transition in light of Mr. McDonnel’s reduced time commitment, Mr. Joseph T. Kingsley, the former President and Chief Financial Officer of Arrowhead, was named Vice President of Finance and Consulting. Mr. Kingsley will be paid pursuant to a consulting agreement on an hourly basis at a rate of \$125 per hour and is expected to devote up to 25 hours per week to executive and financial management of the Company, as well as financial reporting functions. The Board of Directors anticipates appointing Mr. Kingsley as interim Chief Financial Officer of the Company following Mr. McDonnel’s departure as the Chief Financial Officer. Mr. Kingsley is expected to serve in this capacity until a permanent replacement for the position is hired.

Mr. Kingsley (age 64) was the Company’s Chief Financial Officer and Secretary from August 2004 until June 2006 when he also became President of the Company. Mr. Kingsley stepped down from his positions at the Company in January 2008. He served as Assistant to the President of the Company from January 2008 until January 2009, when he retired. Mr. Kingsley has more than 25 years of executive-level, financial management experience in biotech, commercial, international, and defense-related industries. Prior to joining the Company, from January 2002 to September 2004, he was Chief Financial Officer for Eidogen, Inc. a Pasadena-based company developing computational drug discovery platforms. From March 1997 to January 2002, Mr. Kingsley was Vice President Operations and Chief Financial Officer for Paracel, an integrated turnkey computer systems provider for the life sciences community that was acquired by Celera Genomics (AMEX:CRA) in June 2000. Mr. Kingsley held similar positions with Pico Products, a publicly-held cable TV product supplier, Kaiser Marquardt, Inc., and Science Applications International Corp. (SAIC), a Fortune 500 government and commercial contractor. Mr. Kingsley is a CPA. He received his B.A. in Economics from Ohio Wesleyan University, and his MBA from Northwestern University.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Exhibit Description
99.1	Form of Consulting Agreement between the Company and Paul C. McDonnel

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 9, 2009

ARROWHEAD RESEARCH CORPORATION

By: /s/ Paul C. McDonnel

Paul C. McDonnel
Chief Financial Officer

ARROWHEAD RESEARCH CORPORATION

CONSULTING AGREEMENT

This Consulting Agreement (the “Agreement”) is effective as of July 6, 2009 (the “Effective Date”), by and between Arrowhead Research Corporation, (“Arrowhead” or the “Company”), a Delaware corporation with its principal offices at 201 South Lake Avenue, Pasadena, CA 91101 and Paul C. McDonnell (“Consultant”), an individual.

1. **Consulting Relationship.** During the term of this Agreement, Consultant will provide consulting services (the “Services”) to the Company as described on Exhibit A attached to this Agreement.

2. **Fees.** As consideration for the Services to be provided by Consultant the Company shall pay to Consultant the amounts specified in Exhibit B attached to this Agreement at the times specified therein.

3. **Expenses.** Consultant will be reimbursed for travel and other reasonable business expenses when incurred at Arrowhead’s request. Such expenses must be approved in advance by Arrowhead.

4. **Term and Termination.** Consultant shall serve as a consultant to the Company for a period commencing on July 6, 2009 and terminating on a mutually agreeable date as determined by Arrowhead and Consultant.

5. **Supervision of Consultant’s Services.** All of the Services to be performed by Consultant will be as agreed between Consultant and the Company. Consultant will be required to report to the Company concerning the Services performed under this Agreement. The nature and frequency of these reports will be left to the discretion of the Company.

6. **Miscellaneous.**

(a) **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of the parties.

(b) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, 48 hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party’s address or facsimile number as set forth below, or as subsequently modified by written notice.

(c) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California, without giving effect to the principles of conflict of laws.

(d) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(e) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

(f) **Arbitration.** Any dispute or claim arising out of or in connection with any provision of this Agreement will be finally settled by binding arbitration in Los Angeles County, California, in accordance with the rules of the American Arbitration Association by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California law, without reference to rules of conflicts of law or rules of statutory arbitration, to the resolution of any dispute. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph, without breach of this arbitration provision. This Section 10(g) shall not apply to the Confidentiality Agreement.

(g) **Advice of Counsel.** EACH PARTY ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

[Signature Page Follows]

The parties have executed this Agreement on the respective dates set forth below.

ARROWHEAD RESEARCH

By: _____
CEO

Date: _____

CONSULTANT

By: _____

Date: _____

EXHIBIT A

DESCRIPTION OF CONSULTING SERVICES

Consultant will work on a part time basis, up to a maximum of 10 hours per week to assist in the completion of the following tasks:

- The financial statement close process for the fiscal third quarter ended June 30, 2009 and the preparation of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.
- Transition of financial reporting knowledge, information, document and computer files and other and historical information as requested by the Company.
- Other financial management/reporting services as may be agreed to from time to time between the Consultant and the Company.

EXHIBIT B

COMPENSATION

Compensation. For Services rendered by Consultant, Consultant will receive \$125 per hour worked payable on presentation of invoice detailing dates, hours worked and description of services or tasks performed for each invoiced period.

Expense Reimbursement: If the Consultant is required to travel on behalf of the Company under this agreement, Company shall reimburse Consultant for all pre-approved travel expenses reasonably incurred in connection with the performance of duties as a consultant. Consultant must obtain prior written authorization prior to any travel on behalf of the Company.

Reimbursement in connection with the performance of Consultant's duties under this Agreement will be made no later than 15 days following the Company's receipt of an approved expense report on a Company-approved form, including written documentation and receipts, itemizing the dates on which expenses were incurred. Company will pay Consultant for the following pre-approved expenses incurred while the Agreement between Consultant and the Company exists:

- All travel expenses to and from all work sites. Travel in the continental US by air will be made in economy class using fully refundable fares; while travel outside the US will be made in business class.
- Meal expenses;
- Administrative expenses;
- Lodging Expenses if work demands overnight stays; and
- Miscellaneous travel-related expenses (taxi, parking and tolls, etc.).