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Arrowhead Increases Investment in RNAi Subsidiary Calando Pharmaceuticals

PASADENA, Calif. – January 18, 2011 – Arrowhead Research Corporation (NASDAQ: ARWR) (“the Company”) today announced that it has invested \$1 million in its majority owned subsidiary, Calando Pharmaceuticals, and converted approximately \$8M of Calando debt to Arrowhead into equity. Arrowhead now owns approximately 79% of Calando’s outstanding equity.

The investment and the debt conversion follow recent milestones achieved by Calando, including several notable first accomplishments in RNAi technology. These include proof of the first definitive systemic siRNA delivery and first to show RNAi mediated knockdown of target mRNA and protein in humans.

“We are committed to driving Calando’s value by completing the phase 1 trial for CALAA-01 and identifying the best indication for a phase 2 trial, while continuing to build relationships with potential partners,” said Christopher Anzalone, Arrowhead’s CEO. “We remain very excited about our clinical data and Calando’s ability to solve the most critical need of RNAi therapeutics, an effective and well tolerated delivery method. As we work to complete the current trial, we remain confident that additional data will better serve our partnering goals given the continued appetite for systemic RNAi delivery supported by solid clinical data.”

Pursuant a purchase agreement between Arrowhead and Calando, Arrowhead purchased approximately 60 million shares of preferred stock in Calando for \$1 million in cash and the cancellation of \$8 million in debt owed to Arrowhead by Calando.

About Arrowhead Research Corporation

Arrowhead Research Corporation (www.arrowheadresearch.com) (NASDAQ: ARWR) is a nanotechnology company commercializing new medical technologies. Arrowhead is seeking to build value for shareholders through the progress of its portfolio companies. Currently, Arrowhead is focused primarily on its two majority owned subsidiaries, Calando, at the forefront of clinical application of RNAi delivery technology, and Ablaris, newly formed to commercialize anti-obesity technology. Arrowhead also has minority investments in two privately held nanobiotech companies.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

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 the current recessionary environment, capital resources available to us, the future success of our scientific studies, our ability to successfully develop products, rapid technological change in our markets, changes in demand for our future products, legislative, regulatory and competitive developments and general economic conditions. Our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and other SEC filings discuss some of the important risk factors that may affect our business, results of operations and financial condition. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

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