

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): January 14, 2008

**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 , California 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 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers**

Effective January 14, 2008, Joseph T. Kingsley stepped down from his position as Chief Financial Officer of Arrowhead Research Corporation (the "Company"). Mr. Kingsley continues to be an employee of the Company. He will provide strategic and financial advice and assistance and will hold the title of Assistant to the President. The other terms of his employment remain the same. There is no formal employment agreement between the Company and Mr. Kingsley. Mr. Kingsley and the Company entered into a severance agreement in May 2007, previously filed with a Form 8-K on May 30, 2007.

Paul McDonnell was appointed Chief Financial Officer on January 16, 2008. Mr. McDonnell has held the position of Vice President, Finance and Accounting of the Company since 2006. Mr. McDonnell has served in a variety of executive-level finance, accounting and operational positions. From 2003 until 2005, Mr. McDonnell served as CEO and CFO of Quality Imaging Products, an Irvine, California-based remanufacturer of toner cartridges, which was sold in 2005 to Printing Technology, Inc. From 1999 to 2003, he was CFO at Instashred Security Services LLC, a provider of shredding services across North America, until its sale to Recall Secured Destruction Services, Inc., when he became Senior Operations Manager for California. During his 26-year career, he also served as the CFO of Reid Plastics, Inc. and Trojan Enterprises, Inc. and worked closely with several private equity groups in connection with merger and acquisition transactions. Mr. McDonnell is a CPA and began his career in the Los Angeles office of Arthur Andersen & Co. Mr. McDonnell received his masters degree in management accounting and his bachelors degree in accounting from Brigham Young University.

As the Company's CFO, Mr. McDonnell, age 51, will be paid a base salary of \$200,000 per year. As an officer of the Company, Mr. McDonnell is eligible to participate in the Executive Bonus Plan, previously filed with the Company's Annual Report on Form 10-K for the year ended September 30, 2006 as Exhibit 10.11. Mr. McDonnell was granted options to purchase 100,000 shares of Company common stock on March 13, 2006 and 100,000 shares on August 21, 2006, under the 2004 Equity Incentive Plan. Mr. McDonnell's 2006 options have an exercise price of \$4.61 and \$5.00, respectively; the closing price of the Company's common stock on The NASDAQ National Market on each respective grant date. Mr. McDonnell's first option vests over four years, with the first 5,000 shares vested on the first day of the eighth month following the grant date and 2,500 shares vesting on each monthly anniversary thereafter for 40 successive months. The second option vests concurrently with the first option. As of the date of this report, Mr. McDonnell holds 75,000 vested options with the remaining 125,000 options vesting in equal monthly installments over the next 25 months.

There is no formal employment agreement between the Company and Mr. McDonnell. Mr. McDonnell's employment is at-will and subject to the general employment policies of the Company, and, except with regard to his title and salary set forth above, the terms of the offer letter dated March 2, 2006.

## **Item 9.01 Exhibits**

10.1 Offer Letter dated March 2, 2006

**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 hereunto duly authorized.

Date: January 18, 2008

ARROWHEAD RESEARCH CORPORATION

By: /s/ Paul McDonnel

Paul McDonnel

Chief Financial Officer

March 2, 2006

Mr. Paul McDonnel

Dear Paul,

I am pleased to offer you full-time employment as Arrowhead Research Corporation's Corporate Controller under the following terms:

1. You will report to the chief Financial Officer of Arrowhead and will have such duties and responsibilities as are typically associated with being the Corporate Controller of a public, growing company. As a member of Arrowhead's management team, you will be expected to work with the other members of management to ensure the long term success of Arrowhead.
2. Your gross base salary will be \$2,884.62 per week (which equates to \$150,000 per year). Arrowhead's payroll is paid on a bi-weekly basis. Arrowhead does not currently have an annual incentive plan. However, if in the future, one is put in place, you will be eligible to participate in that plan.
3. A recommendation will be made to the Board of Directors for a grant of an option to purchase 100,000 shares of the common stock of Arrowhead Research Corporation with vesting beginning 8 months from your start date and vesting at a rate of 2,500 on each monthly anniversary for 40 months thereafter. The option strike price will be the closing market price on the day before you start with Arrowhead. The option will be administered under the terms and conditions of Arrowhead's 2004 Stock Option Plan.
4. 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.
5. Your employment relationship is "at will", subject to the satisfaction of management of Arrowhead, which means that either you or Arrowhead may terminate your employment at any time and for any reason or for no reason with or without notice.
6. This offer is contingent upon the satisfactory outcome of a background check. A consent for background check and an employment application were emailed to you separately. The employment application and the consent should be completed by you and returned as soon as possible.
7. 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 Arrowhead Research Corporation 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 March 8, 2006 and starting work on or before March 20, 2006. 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 Arrowhead and supersedes any prior or contemporaneous agreements, understandings, communications, offers, representations, warranties, or commitments by or on behalf of Arrowhead (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 Arrowhead.

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 sole 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 Arrowhead Research Corporation team.

Sincerely,

/s/ Joseph T. Kingsley

J. T. Kingsley

Chief Financial Officer

By my signature and date below, I accept the offer and the terms of the offer shown above.

/s/ Paul McDonnel

Paul McDonnel