

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) April 20, 2007

Arrowhead Research Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-21898

(Commission File Number)

46-0408024

(IRS Employer Identification No.)

201 South Lake Avenue, Suite 703, Pasadena, CA
(Address of Principal Executive Offices)

91101
(Zip Code)

(626) 304-3400

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, If Changed Since Last Report)

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 (see General Instruction A.2. below):

- 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 1.01 Entry into a Material Definitive Agreement

In connection with the Merger (as defined in Item 2.01 below), on April 20, 2007, Unidym (“**Unidym**”), a Delaware corporation and majority-owned subsidiary of Arrowhead Research Corporation (“**Arrowhead**”), and Arrowhead amended the Agreement to Provide Additional Capital (“**Capital Agreement**”) dated June 13, 2006 by and between Arrowhead and Unidym to accelerate the payment of \$4 million of additional capital to Unidym, such that it was agreed that all of the capital contributions set forth in the Capital Agreement would be payable to Unidym on April 20, 2007. In aggregate consideration for the acceleration and payment of the additional capital and the transfer from Arrowhead to Unidym of rights and obligations under two sponsored research agreements, Unidym issued 448,000 shares of Unidym common stock to Arrowhead.

In addition, on April 20, 2007, Arrowhead entered into a Stock Purchase Agreement (the “**Purchase Agreement**”) with William A. McMinn, Robert Gower, Mary H. Cain and The Mary H. Cain Marital Trust (collectively, the “**Purchasers**”) for the sale of 1,431,222 shares of Arrowhead’s common stock in exchange for 1,080,000 shares of Series E Preferred Stock of Carbon Nanotechnologies, Inc., a Delaware corporation (“**CNI**”). As part of the transactions contemplated by the Purchase Agreement, Arrowhead has committed to register the newly-issued shares of Arrowhead common stock for resale by the Purchasers pursuant to the terms of a Registration Rights Agreement dated as of April 20, 2007 by and among Arrowhead and the Purchasers (the “**Registration Rights Agreement**”). On the same date, Arrowhead and the Purchasers entered into a Lock-up and Standstill Agreement (the “**Lock-up and Standstill Agreement**”) whereby the Purchasers agreed to refrain from sales of Arrowhead’s common stock for a period of 181 days following the date of the agreement. The foregoing is intended only as a summary of the terms and conditions of the Purchase Agreement, the Registration Rights Agreements and the related transactions. Please refer to the complete Purchase Agreement, Registration Rights Agreement and Lock-up and Standstill Agreement, which are filed as Exhibits 10.1, 10.2 and 10.3, respectively, and are incorporated by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets

On April 20, 2007, pursuant to an Agreement and Plan of Merger, dated as of March 21, 2007, by and among Unidym, Unidym Acquisition, LLC (“**Merger LLC**”), a Delaware limited liability company and wholly-owned subsidiary of Unidym, CNI, and William A. McMinn as stockholder representative (the “**Merger Agreement**”), Unidym acquired CNI through a merger of CNI with and into Merger LLC, with Merger LLC continuing as the surviving company of such merger and a wholly-owned subsidiary of Unidym (the “**Merger**”).

Pursuant to the Merger Agreement, at the closing, Unidym issued 5,000,000 shares of Unidym Series A Convertible Preferred Stock, \$.0001 par value per share (“**Unidym Series A Preferred Stock**”), to be distributed to the holders of CNI common stock and 2,784,252 shares of Unidym Series B Convertible Preferred Stock, \$.0001 par value per share (“**Unidym Series B Preferred Stock**”) to be distributed to the holders of CNI Series E Preferred Stock. In addition, in connection with the Merger, all 2,889,000 shares of Unidym Series A Preferred Stock outstanding prior to the effective time of the Merger were converted into 2,889,000 shares of Unidym Series B Preferred Stock. Approximately twenty percent (20%) of the issued and outstanding capital stock of Unidym (calculated on an as-converted to common stock basis after giving effect to the Merger) was placed into a share escrow account to fund certain claims for indemnification for breaches of or inaccuracies in Unidym’s and CNI’s representations and warranties, covenants and agreements.

In accordance with the Merger Agreement, Unidym assumed CNI’s 2007 Restricted Stock Unit Plan and all outstanding CNI restricted stock units that were outstanding as of the effective time of the Merger. In connection with such assumption, appropriate adjustments described in the Merger Agreement were made to the number of shares of Unidym common stock subject to each restricted stock

unit. An aggregate of 1,104,010 shares of Unidym common stock are subject to such restricted stock units. Pursuant to the terms of the Merger Agreement, Unidym assumed a warrant that was outstanding as of the effective time of the Merger. In connection with such assumption, the number and type of shares subject to such warrant and the exercise price of such warrant were adjusted such that 64,000 shares of Unidym common stock are issuable upon exercise of the warrant.

Item 3.02 Unregistered Sales of Equity Securities

The information contained in Item 1.01 above with respect to the issuance by Unidym of 448,000 shares of Unidym common stock in connection with the acceleration of payments of additional capital pursuant to the Capital Agreement and the transfer of that certain Sponsored Research Agreement by and between Arrowhead and Duke University, as amended and that certain Sponsored Research Agreement by and between Arrowhead and the University of Florida dated as of July 20, 2006 to Unidym is incorporated herein by reference. Such shares of Unidym common stock were issued in reliance upon an exemption from registration as provided by Section 4(2) of the Securities Act of 1933, as amended (the “**Securities Act**”).

The information contained in Item 1.01 above with respect to the issuance by Arrowhead of 1,431,222 shares of Arrowhead common stock pursuant to the Purchase Agreement is incorporated herein by reference. The shares of Arrowhead common stock issued pursuant to the Purchase Agreement were issued in reliance upon an exemption from registration as provided by Rule 506 of Regulation D.

The information contained in Item 2.01 above with respect to the issuance by Unidym of shares in the Merger and upon the exercise of restricted stock units and warrant assumed in the Merger is incorporated herein by reference. The share consideration to be paid by Unidym in connection with the conversion of the shares of capital stock of CNI in the Merger was issued in reliance upon an exemption from registration as provided by Section 4(2) of the Securities Act. The share consideration to be paid by Unidym in connection with the assumption of certain restricted stock units and the warrant was issued in reliance on an exemption from registration as provided by Rule 506 of Regulation D.

Item 8.01 Other Events

Reference is made to Arrowhead’s press release dated April 23, 2007 announcing the consummation of the Merger, which is attached hereto as Exhibit 99.1 and incorporated herein.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of the Business Acquired.

The financial statements required by this item are not filed with this initial Report. Arrowhead will file the required financial statements by amendment to this Report as soon as practicable within the time period prescribed by the SEC.

(b) Pro Forma Financial Information.

The pro forma financial information required by this item is not filed with this initial Report. Arrowhead will file the required financial statements by amendment to this Report as soon as practicable within the time period prescribed by the SEC.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Stock Purchase Agreement dated as of April 20, 2007
10.2	Registration Rights Agreement dated as of April 20, 2007
10.3	Lock-up and Standstill Agreement dated as of April 20, 2007
99.1	Press Release dated April 23, 2007

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.

ARROWHEAD RESEARCH CORPORATION

April 25, 2007

By: /s/ Joseph T. Kingsley

Name: Joseph T. Kingsley

Title: President & Chief Financial Officer

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made and entered into as of April 20, 2007, by and among Arrowhead Research Corporation, a Delaware corporation ("Arrowhead"), and the selling stockholders of Carbon Nanotechnologies, Inc, a Delaware corporation ("CNI"), signatory hereto (each a "Seller," and, together, the "Sellers"). All schedules and exhibits attached hereto shall be deemed a part of this Agreement.

1. **Purchase and Sale.** Subject to the terms and conditions hereof and in reliance upon the representations and warranties of Arrowhead contained herein or made pursuant hereto, the Sellers hereby, severally and not jointly, sell to Arrowhead, and subject to the terms and conditions hereof and in reliance upon the representations and warranties of the Sellers contained herein or made pursuant hereto, Arrowhead hereby purchases from the Sellers, the number of shares of Series E Preferred Stock, par value \$0.001 per share (the "Series E Preferred Stock"), of CNI indicated below such Seller's signature on the signature page hereto (the "Shares").

2. **Purchase Price.** The Sellers shall receive Arrowhead common stock, par value \$0.001 per share ("Arrowhead Stock"), as payment for the Shares, with the number of shares of Arrowhead Stock determined at the close of business of the date hereof. The Sellers, collectively, shall receive that number of shares of Arrowhead Stock equal to (i) \$5,400,000 divided by (ii) \$3.77, the average closing price of Arrowhead Stock on The Nasdaq Global Market for the ten (10) days immediately preceding the earlier of (i) the date of this Agreement or (ii) the date on which Arrowhead, or its subsidiary Unidym, Inc., issues a press release announcing the merger (the "Merger") of CNI into a wholly-owned subsidiary of Unidym, Inc. (such earlier date, the "Closing Date"). The number of shares of Arrowhead Stock issued to each individual Seller is set forth below such Seller's signature on the signature page hereto. No further payment shall be required from Arrowhead to any Seller for the purchase of the Shares.

3. **Deliveries.** As of the Closing Date, after the exchange by the parties of a validly executed copy of this Agreement, Arrowhead will deliver to each Seller a certificate representing the appropriate number of shares of Arrowhead Stock, which such Seller will receive as payment in full for such Seller's Shares, registered in the Seller's name (or the name of its nominee, if any), against the delivery to Arrowhead of (a) certificates representing all of such Seller's Shares, and (b) a fully executed original copy of an "Assignment Separate from Certificate," in the form attached as Exhibit A hereto, providing for the transfer of the Shares to Arrowhead on the books and records of CNI.

4. Representation and Warranties.

4.1 **Mutual Representations.** Each signatory to this Agreement represents and warrants that (a) this Agreement has been duly executed and delivered by that party; (b) the Agreement constitutes the legal, valid and binding obligation of that party, enforceable against that party in accordance with its terms; (c) the execution, delivery and performance of this Agreement will not breach or constitute grounds for the occurrence or declaration of a default under or termination of any agreement, indenture, undertaking, permit, license, or other instrument to which that party is a party or by which it or any of its properties may be bound or affected, and (d) that party has not employed any broker or finder in connection with this transaction.

4.2 **From Sellers.** Each Seller, severally and not jointly, hereby represents and warrants to Arrowhead with respect to such Seller's purchase of the Arrowhead Stock and sale of the Shares as follows:

4.2.1 **No Liens.** Such Seller owns the Shares set forth below such Seller's signature hereto and is transferring such Shares to Arrowhead free and clear of any security interest, claim, lien, charge, mortgage, deed, assignment, pledge, hypothecation, encumbrance, easement, or restriction of any kind or nature, other than restrictions on transfer under federal and state securities laws.

4.2.2 **Investment.** The Arrowhead Stock is being acquired for investment for such Seller's own account, not as a nominee or agent, and not with a view to the sale or distribution of all or any part thereof in violation of federal or state securities laws.

4.2.3 **Accredited Investor.** Such Seller is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933 (the "**Securities Act**"). Such Seller agrees to furnish any additional information requested to assure compliance with applicable federal and state securities laws in connection with the purchase of the Arrowhead Stock and sale of the Shares.

4.2.4 **Not Registered.** Such Seller understands that the Arrowhead Stock is neither (a) registered under the Securities Act, on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof, or (b) qualified under the California Corporate Securities Law of 1968 (the "**Law**"), on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from qualification under the Law pursuant to Section 25102(f) thereof, and that Arrowhead's reliance on such exemption is predicated on each Seller's representations set forth herein.

4.2.5 **Resale Restrictions.** Such Seller is aware that the Arrowhead Stock is subject to significant restrictions on transfer and may not be freely sold. Such Seller represents that he or she (a) has liquid assets sufficient to assure that the purchase contemplated by this Agreement will cause no undue financial difficulties, (b) can afford the complete loss of his or her investment, and (c) can provide for current needs and possible contingencies without the need to sell or dispose of the Arrowhead Stock.

4.2.6 **Access to Information.** Such Seller represents and warrants that he or she (a) has been a significant shareholder in CNI, and in that capacity, is aware of the character, business acumen and general business and financial circumstances of CNI; (b) has the requisite knowledge and experience to assess the relative merits and risks of a sale of the Shares and a purchase of the Arrowhead Stock; (c) has received and has carefully read and evaluated copies of all documents relevant to the sale and purchase contemplated by this Agreement; and (d) has had full opportunity to ask questions and receive answers concerning the historical business and operations of CNI and Arrowhead, as well to evaluate the prospects, future financial condition and the likelihood of success of both companies.

4.2.7 **Authorization.** This Agreement constitutes the valid and legally binding obligation of such Seller, enforceable in accordance with its terms, except (i) as the same may be limited by bankruptcy, insolvency or other laws relating to or affecting creditors' rights generally or by general equitable principles, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.2.8 **Release.** Arrowhead has informed each Seller that Arrowhead and its majority-owned subsidiary, Unidym, Inc. (“**Unidym**”), have engaged in confidential discussions with CNI in connection with the combination of CNI and Unidym. In addition to being a majority stockholder of Unidym, representatives of Arrowhead are directors and officers of Unidym. In such capacities, Arrowhead and its representatives have obtained material, non-public information concerning Unidym and CNI that Arrowhead is precluded from disclosing to Sellers, and may also have had the power to direct or cause the direction of the management and policies of CNI or otherwise to influence CNI. Each Seller expressly releases Arrowhead, Arrowhead’s past and present affiliates and Arrowhead’s and such affiliates’ past and present officers, employees, partners, members, investors, agents and directors, and each successor of any of the foregoing (collectively, the “**Arrowhead Group**”) from any and all liabilities relating in any way to Arrowhead’s failure to disclose any confidential information of any kind and from any matter of any nature whatsoever relating to or arising from Arrowhead’s ownership of stock of Unidym at any time or its influence on Unidym or CNI at any time, from Arrowhead’s purchase of the Shares or sale of Arrowhead Stock, or any other matter arising from any relationship at any time among Arrowhead, Unidym and CNI. Each Seller agrees not to make a claim against Arrowhead or any member of the Arrowhead Group with respect to Arrowhead’s failure to disclose any confidential information of any kind and from any matter of any nature whatsoever relating to or arising from Arrowhead’s ownership of the majority of capital stock of Unidym or its influence on Unidym and/or CNI at any time or any other matter arising from any relationship at any time between Arrowhead and Unidym and between Arrowhead and CNI, or such Seller’s sale of the Shares or purchase of the Arrowhead Stock; provided, however, no Seller releases or discharges, nor shall any Seller be deemed to have released or discharged, any action brought to enforce the rights provided to any Seller under this Agreement, the Agreement and Plan of Merger entered into in connection with the Merger and the agreements and instruments referred to therein or contemplated thereby to which any Seller is a party or under which any Seller has rights, and each Seller reserves all rights with respect thereto. **EACH SELLER ACKNOWLEDGES THAT SUCH SELLER HAS BEEN ADVISED BY COUNSEL AND IS PREPARED TO WAIVE THE BENEFIT OF ANY STATUTE OR PRINCIPLES OF COMMON LAW THAT WOULD LIMIT THE RELEASE OF CLAIMS COVERED BY THE FOREGOING RELEASE WHICH SUCH SELLER DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THIS RELEASE, WITH THE INTENTION THAT THE FOREGOING RELEASE SHALL APPLY TO ANY AND ALL KNOWN AND UNKNOWN CLAIMS COVERED THEREBY, OR ANY INJURIES COVERED BY THE FOREGOING RELEASE THAT MAY BECOME KNOWN OR KNOWN TO BE GREATER IN THE FUTURE.**

4.2.9 **Legends.** In addition to any legend placed on the certificates pursuant to any other agreement or arrangement among the parties, each certificate evidencing Arrowhead Stock shall bear the following legends (unless Arrowhead receives an acceptable opinion of counsel that any such legend is not required):

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933 OR THE LAWS OF ANY STATE, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND APPLICABLE STATE LAWS, OR AN EXEMPTION FROM THE REGISTRATION AND QUALIFICATION REQUIREMENTS THEREOF.

4.3 **From Arrowhead.** Arrowhead represents and warrants to the Sellers as follows:

4.3.1 **No Liens.** Arrowhead represents that is issuing the Arrowhead Stock to Sellers free and clear of any security interest, claim, lien, charge, mortgage, deed, assignment, pledge, hypothecation, encumbrance, easement, or restriction of any kind or nature, other than restrictions on transfer under federal and state securities laws and under this Agreement.

4.3.2 **Investment.** The Shares are being acquired for investment for Arrowhead's own account, not as a nominee or agent, and not with a view to the sale or distribution of all or any part thereof in violation of federal or state securities laws.

4.3.3 **Accredited Investor.** Arrowhead is an "accredited investor" as defined in Rule 501(a) under the Securities Act. It agrees to furnish any additional information requested to assure compliance with applicable federal and state securities laws in connection with the purchase of the Shares and sale of the Arrowhead Stock.

4.3.4 **Not Registered.** Arrowhead understands that the Shares are neither (a) registered under the Securities Act, on the ground that the sale provided for in this Agreement and the issuance is exempt from registration under the Securities Act pursuant to Section 4(1) and/or 4(2) thereof, or (b) qualified under the Law on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from qualification under the Law pursuant to Section 25104(a) thereof, and that Sellers' reliance on such exemption from registration under the Securities Act is predicated on Arrowhead's representations set forth herein.

4.3.5 **Resale Restrictions.** Arrowhead is aware that the Shares are subject to significant restrictions on transfer and may not be freely sold. Arrowhead represents that it (a) has liquid assets sufficient to assure that the purchase contemplated by this Agreement will cause no undue financial difficulties, (b) can afford the complete loss of its investment, and (c) can provide for current needs and possible contingencies without the need to sell or dispose of the Shares.

4.3.6 **Access to Information.** Arrowhead represents and warrants that it (a) is aware of the character, business acumen and general business and financial circumstances of CNI; (b) has the requisite knowledge and experience to assess the relative merits and risks of a sale of the Arrowhead Stock and a purchase of the Shares; (c) has received and has carefully read and evaluated copies of all documents relevant to the sale and purchase contemplated by this Agreement; and (d) has had full opportunity to ask questions and receive answers concerning the historical business and operations of CNI, as well to evaluate the prospects, future financial condition and the likelihood of success of that company.

4.3.7 **Authorization.** This Agreement constitutes the valid and legally binding obligation of Arrowhead, enforceable in accordance with its terms, except (i) as the same may be limited by bankruptcy, insolvency or other laws relating to or affecting creditors' rights generally or by general equitable principles, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.3.8 **Release.** Sellers have informed Arrowhead that Sellers have been longstanding shareholders of CNI, and, as a group, have previously been and continue to be majority shareholders of CNI, and that representatives of Sellers are and have previously been directors and officers of CNI. In such capacities, Sellers and their respective representatives

have obtained material, non-public information concerning CNI, and have had the power to direct or cause the direction of the management and policies of CNI or otherwise to influence CNI. Arrowhead expressly releases each Seller, each Seller's past and present affiliates and each Seller's and such affiliates' past and present officers, employees, partners, members, investors, agents and directors, and each successor of any of the foregoing (collectively, the "Seller Group"), from any and all liabilities relating in any way to such Seller's failure to disclose any confidential information of any kind and from any matter of any nature whatsoever relating to or arising from such Seller's ownership of stock of CNI at any time or its influence on CNI at any time from such Seller's purchase of the Arrowhead Stock or the sale of the Shares or any other matter arising from any relationship at any time between such Seller and CNI. Arrowhead agrees not to make a claim against Sellers or any member of such Seller Group with respect to the Sellers' failure to disclose any confidential information of any kind or any matter of any nature whatsoever relating to or arising from such Seller's ownership of stock of CNI at any time or its influence on CNI at any time or any other matter arising from any relationship at any time between such Seller and CNI or such Sellers sale of the Shares or purchase of the Arrowhead Stock; provided, however, Arrowhead does not release or discharge, nor shall Arrowhead be deemed to have released or discharged, any action brought to enforce the rights provided to Arrowhead under this Agreement, the Agreement and Plan of Merger entered into in connection with the Merger and the agreements and instruments referred to therein or contemplated thereby to which Arrowhead is a party or under which Arrowhead has rights, and Arrowhead reserves all rights with respect thereto. **ARROWHEAD ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS COUNSEL AND IS PREPARED TO WAIVE THE BENEFIT OF ANY STATUTE OR PRINCIPLES OF COMMON LAW THAT WOULD LIMIT THE RELEASE OF CLAIMS COVERED BY THE FOREGOING RELEASE WHICH ARROWHEAD DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THIS RELEASE, WITH THE INTENTION THAT THE FOREGOING RELEASE SHALL APPLY TO ANY AND ALL KNOWN AND UNKNOWN CLAIMS COVERED THEREBY, OR ANY INJURIES COVERED BY THE FOREGOING RELEASE THAT MAY BECOME KNOWN OR KNOWN TO BE GREATER IN THE FUTURE.**

4.3.9 **Legends.** Each certificate evidencing the Shares shall bear a securities legend as may be required under federal and state securities laws and as otherwise may be required by Arrowhead.

5. **Miscellaneous.**

5.1 **Governing Law; Dispute Resolution.** This Agreement shall be governed by, and construed and enforced in accordance with, the internal law, and not the law pertaining to conflicts or choice of law, of the State of California. Any and all disputes between the parties which may arise pursuant to this Agreement not covered by arbitration will be heard and determined before an appropriate federal or state court located in Los Angeles, California. The parties hereto acknowledge that such court has the jurisdiction to interpret and enforce the provisions of this Agreement and the parties waive any and all objections that they may have as to personal jurisdiction or venue in any of the above courts.

5.2 **Arbitration as Exclusive Remedy.** Except for actions seeking injunctive relief, which may be brought before any court having jurisdiction, any claim arising out of or relating to (i) this Agreement, including its validity, interpretation, enforceability or breach, or (ii) the relationship between the parties (including its commencement and termination) whether based on

breach of covenant, breach of an implied covenant or intentional infliction of emotional distress or other tort of contract theories, which are not settled by agreement between the parties, shall be settled by arbitration in Los Angeles, California before a single arbitrator in accordance with the Commercial Arbitration Rules of JAMS/Endispute (“JAMS”) then in effect. The parties hereby (i) consent to the in personam jurisdiction of the Superior Court of the State of California for purposes of confirming any such award and entering judgment thereon; and (ii) agree to use their best efforts to keep all matters relating to any arbitration hereunder confidential. In any arbitration proceedings hereunder, (a) all testimony of witnesses shall be taken under oath; (b) discovery will be allowed under the provisions of Section 1283.05 of the California Code of Civil Procedure, as presently in force, which are incorporated herein; and (c) upon conclusion of any arbitration, the arbitrators shall render findings of fact and conclusions of law in a written opinion setting forth the basis and reasons for any decision reached and deliver such documents to each party to this Agreement along with a signed copy of the award in accordance with Section 1283.6 of the California Code of Civil Procedure. Each party agrees that the arbitration provisions of this Agreement are its exclusive remedy and expressly waives any right to seek redress in another forum. During any arbitration, each party shall bear the fees of the arbitrator appointed by it, and the fees of the neutral arbitrators shall be borne equally by each party during the arbitration, but the fees of the arbitrator shall be borne by the losing party.

5.3 **Attorneys’ Fees.** In any dispute between the parties hereto concerning any provision of this Agreement or the rights and duties of any person or entity hereunder, the party or parties prevailing in such dispute shall be entitled, in addition to such other relief as may be granted, to the attorneys’ fees and court costs incurred by reason of such dispute.

5.4 **Successors and Assigns.** Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the parties hereto. Each Seller shall have the right to transfer or assign the registration rights described herein along with the transfer of such Seller’s shares of Registrable Securities, so long as at least 100,000 shares of Arrowhead Stock are transferred in such transfer (except that the foregoing minimum shall not apply to shares distributed to the owners of a Seller), such transfer is in compliance with federal and state securities laws and provided that in any such case Arrowhead is given written notice prior to the time of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the securities and rights to be transferred at least fifteen days prior to the date of proposed transfer, and provided further, that the transferee or assignee assumes in writing prior to such transfer or assignment, any and all obligations of the Seller with respect to such securities and rights.

5.5 **Third Parties.** Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their heirs, successors, executors, administrators and permitted assigns, any rights or remedies under or by reason of this Agreement.

5.6 **Notices.** All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or otherwise delivered by facsimile transmission, by hand or by messenger, addressed: (a) if to a Seller or permitted transferee, to the address set forth on the signature page hereto or at such other address as such Seller or permitted transferee shall have furnished to Arrowhead in writing pursuant to this notice provision, or (b) if to Arrowhead, at Arrowhead Research Corporation, 201 South Lake Avenue, Suite 703, Pasadena, California 91101, Attention: Chief Executive

Officer; Facsimile number (626) 304-3401, or at such other address as Arrowhead shall have furnished to the Sellers in writing, with a copy to Goodwin Procter LLP, 10250 Constellation Boulevard, 21st Floor, Los Angeles, CA 90067-6221, Attention: Rachael Simonoff Wexler, Esq., Facsimile: (310) 286-0992. All notices or other communications shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, if sent by facsimile, the first business day after the date of confirmation that the facsimile has been successfully transmitted to the facsimile number for the party notified, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid. This provision shall be deemed a material to this Agreement, and no notice shall be deemed given or perfected pursuant to this Section unless all parties are noticed as required by this Section.

5.7 **Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any Seller, upon any breach or default of Arrowhead under this Agreement shall impair any such right, power or remedy of such Seller nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Seller of any breach or default under this Agreement or any waiver on the part of any Seller of any provisions or conditions of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Seller, shall be cumulative and not alternative.

5.8 **Rights; Separability.** Unless otherwise expressly provided herein, a Seller's obligations hereunder are several rights, not obligations jointly guaranteed by any other Seller. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

5.9 **Adjustment for Stock Splits, Etc.** Wherever in this Agreement there is a reference to a specific number of shares of Common Stock or Preferred Stock of Arrowhead of any class or series, then, upon the occurrence of any subdivision, combination or stock dividend of such class or series of stock, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of stock by such subdivision, combination or stock dividend.

5.10 **Communication to Sellers.** All communications and notices required to be given by Arrowhead under this Agreement shall be given to each of the Sellers in accordance with Section 5.6, and, if at any time the Arrowhead Stock is held by any holder(s) other than the Sellers, then the Sellers shall act as agent for such holder(s) and communications and notices delivered to the Sellers in accordance with Section 5.6 shall be, and shall be deemed, proper delivery under this Agreement.

5.11 **Entire Agreement; Alterations; and Counterparts.** This Agreement sets forth the entire agreement and understanding of the parties hereto in respect to the purchase and sale, and supersedes all prior agreements, arrangements and understandings relating to the subject matter hereof and is not intended to confer upon any other person any rights or remedies hereunder. There have been no representations or statements, oral or written, that have been

relied on by any party hereto, except those expressly set forth in this Agreement. This Agreement may not be amended, altered or modified except by a writing signed by the parties. This Agreement may be executed simultaneously in two or more counterparts (including facsimiles), each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase Agreement as of the first date written above.

ARROWHEAD RESEARCH CORPORATION

By: /s/ R. Bruce Stewart
Name: R. Bruce Stewart
Title: Chief Executive Officer

[Signature Page to Arrowhead Stock Purchase Agreement with Guarantors]

SELLERS:

/s/ William A. McMinn

William A. McMinn

/s/ Bob Gower

Bob Gower

/s/ Mary H. Cain

Mary H. Cain

THE MARY H. CAIN TRUST

By: /s/ Mary H. Cain

Mary H. Cain, Trustee

[Signature Page to Arrowhead Stock Purchase Agreement with Guarantors]

EXHIBIT A

FORM OF STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto:

ARROWHEAD RESEARCH CORPORATION

_____ shares of Series E Preferred Stock of Carbon Nanotechnologies, Inc. (the "**Company**") standing in the name of the undersigned on the books of the Company, represented by Certificate No.____ dated _____, and does hereby irrevocably constitute and appoint the Company's Secretary, or his agent, as attorney to transfer the said stock on the books of the Company, with full power of substitution in the premises, subject to the terms and conditions of the Stock Purchase Agreement dated as of _____, by and among the undersigned, the other Sellers named therein and Arrowhead Research Corporation.

Dated: _____, 2007

Print Name of Seller:

(authorized signatory)

Print Name _____

Title: _____

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of this 20 day of April, 2007, by and among Arrowhead Research Corporation, a Delaware corporation (the "Company"), and the purchasers of the Company's Common Stock listed on Exhibit A hereto (the "Investors").

RECITALS

WHEREAS, the Investors are purchasing shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), pursuant to the Stock Purchase Agreement, dated April 20, 2007 (the "Purchase Agreement");

WHEREAS, each Investor is also executing a Lock-Up and Standstill Agreement, dated April 20, 2007 (the "Lock-Up Agreement"), pursuant to which such Investors will hold the Common Stock subject to certain trading restrictions and adhere to a market standoff in Arrowhead securities generally;

WHEREAS, the obligations in the Purchase Agreement and the Lock-Up Agreement are conditioned upon the execution and delivery of this Agreement; and

WHEREAS, in connection with the consummation of the transactions under the Purchase Agreement, the Company and the Investors have agreed to the provisions as set forth below.

NOW, THEREFORE, in consideration of these premises and intending to be legally bound, the parties hereto agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" means, with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified Person, where "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise; provided, however, that when used with respect to the Company, "Affiliate" shall not include any Investor or Affiliate thereof.

"Closing Date" means the date of the closing of the purchase and sale of Common Stock under the Purchase Agreement.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar federal rule or statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

“Holder” shall mean an Investor (to the extent that the Investor holds Registrable Securities), and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in accordance with Section 12 hereof.

“Lock-Up Date” means October 18, 2007, which is the date upon which the restrictions set forth in Section 2 of the Lock-Up are scheduled to expire by the terms of that agreement.

“Registrable Securities” means (i) shares of Common Stock purchased by the Investors pursuant to the Purchase Agreement, and (ii) shares of Common Stock issued or issuable in respect of any of the foregoing upon any stock split, stock dividend, recapitalization or similar event; provided, however, that securities shall only be treated as Registrable Securities if and so long as they have not been sold pursuant to a registration or in accordance with Rule 144.

The terms “register,” “registered” and “registration” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

“Registration Expenses” shall mean all expenses, except as otherwise stated below, incurred by the Company in complying with Sections 2(a), 2(b) and 2(c) hereof, including without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company and excluding any underwriters discounts or commissions which may be applicable). Registration Expenses shall also include the reasonable fees and disbursements for one special counsel to the selling stockholders reasonably acceptable to the Company.

“Restricted Securities” shall mean the Common Stock purchased by the Investors pursuant to the Purchase Agreement, including any securities issued in respect of such stock upon any stock split, stock dividend, recapitalization, merger or similar event until such Common Stock are sold pursuant to a registration or until such Common Stock are sold or are eligible to be sold pursuant to Rule 144, including pursuant to subsection (k) of Rule 144.

“Rule 144” and “Rule 145” shall mean Rules 144 and 145, respectively, promulgated under the Securities Act, or any similar federal rules thereunder, all as the same shall be in effect at the time.

“Securities Act” shall mean the Securities Act of 1933, as amended, or any similar federal rule or statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

2. Registration Rights.

(a) Initial Registration. The Company shall (i) cause a shelf registration statement on Form S-3 (or other appropriate form) (the “Initial Registration Statement”) covering the resale of all of the Registrable Securities to be filed with the Commission no later than forty- five (45) days

immediately preceding the Lock-Up Date, (ii) cause such registration statement to be declared effective by the Commission no later than ninety (90) days after filing or one hundred twenty (120) days in the event of a review by the staff of the Commission, and (iii) keep such registration statement continuously effective until the Holders no longer hold any Registrable Securities that may not be sold either pursuant to (x) Rule 144(k) or (y) in their entirety in a single transaction pursuant to Rule 144 (the "Initial Registration"). The Company will include in such registration (and any related qualifications including compliance with blue sky laws), and in any underwriting involved therein, all Registrable Securities specified by any Holder in a written request or requests to the Company, made within ten days after the date of written notice of such registration from the Company to the Holders. Notwithstanding the foregoing obligations, if the Company furnishes to Holders a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such Initial Registration Statement to either become effective or remain effective for as long as such Initial Registration Statement otherwise would be required to remain effective and it is therefore necessary to defer the filing of such Initial Registration Statement, then the Company shall have the right to defer taking action with respect to such filing for a period of not more than ninety (90) days after the Company is obligated to file such Initial Registration Statement.

(b) Piggyback Registration Rights. If (but without any obligation to do so) Arrowhead shall determine to register any of its securities either for its own account or for the account of a security holder or holders exercising their respective demand registration rights (other than pursuant to this Agreement), and other than a registration relating solely to employee benefit plans, a registration relating solely to a Rule 145 (or its successor rule under the Securities Act) transaction, a registration on any registration form that does not permit secondary sales, or a registration on any form which requires substantially more information than is required to be included in a registration statement covering the sale of the Registrable Securities (a "Piggyback Registration"), Arrowhead will:

(i) at least thirty (30) days prior to filing any such registration statement under the Securities Act, give to each Holder written notice thereof; and

(ii) use its best efforts to include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made by any Holder and received by Arrowhead within twenty (20) days after the written notice from Arrowhead described in Section 2(b)(i) above is mailed or delivered by Arrowhead. Such written request may specify all or a part of a Holder's Registrable Securities. Piggyback Registration rights shall be afforded to such Holders in accordance with the priorities set forth in Section 2(f) hereof.

(c) Underwritten Piggyback Registration. If the Piggyback Registration of which Arrowhead gives notice is for a registered public offering involving an underwriting, Arrowhead shall so advise the Holders as a part of the written notice given pursuant to Section 2(b)(i). In such event, the right of any Holder to a Piggyback Registration pursuant to this Section 2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall

(together with Arrowhead and the other holders of securities of Arrowhead with registration rights to participate therein distributing their securities through such underwriting) enter into an underwriting agreement in customary form for offerings of the type proposed with the representative of the underwriter or underwriters selected by Arrowhead.

(d) Right to Terminate Piggyback Registration. Arrowhead shall have the right to terminate or withdraw any Piggyback Registration initiated by it under Section 2(b) prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

(e) "Market Stand-Off" Agreement. If requested in writing by an underwriter of Arrowhead Stock (or other securities) in an offering effected as part of a Piggyback Registration, the Holder shall not, from the date of a final prospectus relating to such Piggyback Registration for up to ninety (90) days following the effective date of that Piggyback Registration (such period, not to exceed ninety (90) days, the "Lock Out Period"):

(i) Lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of directly or indirectly, any shares of Arrowhead Stock or any securities convertible into or exercisable or exchangeable for Arrowhead Stock (whether such shares or any such securities are then owned by the Holder or are thereafter acquired); or

(ii) Enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Arrowhead Stock (whether any such transaction described in Section 2(e)(i) or Section 2(e)(ii) is to be settled by delivery of Arrowhead Stock or such other securities, in cash or otherwise) then owned by such Holder (other than those included in the Piggyback Registration).

(iii) Notwithstanding anything contained herein to the contrary, this Section 2(e) shall be effective against a Holder if, and only if, (a) notice to the Holders under this Section 2(e) is delivered in writing to the Holders and the Holder elects to and is permitted to sell in such Piggyback Registration all or a portion of the Registrable Securities it then holds, and (b) each then holder (including Holders and any holder of shares of Arrowhead Stock having registration rights pursuant to an agreement other than this Agreement) of at least ten percent (10%) of the outstanding shares of Arrowhead Stock (on an as-converted and fully diluted basis) and all officers and directors of Arrowhead shall have entered into similar agreements and be bound by the same restrictions as the Holder.

(iv) The obligations described in this Section 2(e) shall not apply to a registration relating solely to employee benefit plans on Form S-8 or similar forms that may be promulgated in the future. In order to enforce the above covenant, Arrowhead shall have the right to place restrictive legends on the certificates representing the shares of Arrowhead Stock subject to this Section and to impose stop-transfer instructions with respect to the shares of Arrowhead Stock (or securities) subject to the foregoing restriction, at such time as such shares become subject to the restriction and until the end of such Lock Out Period.

(f) Allocation of Registration Opportunities. In any circumstance in which all of the Registrable Securities and other securities of Arrowhead (including shares of Arrowhead Stock issued or issuable upon conversion of shares of any currently unissued series of preferred stock of Arrowhead) with registration rights (the “Other Shares”) requested to be included in a Piggyback Registration on behalf of the Holders or other selling stockholders exceeds the number (the “Optimal Quantity”) of Registrable Securities and other securities, if any, which can be sold therein without adversely affecting the marketability of the offering, Arrowhead shall include in such registration securities in the following priority:

(i) Priority on Piggyback Registrations. Arrowhead may limit, to the extent so advised by the managing underwriter(s), the amount of securities (including Registrable Securities) to be included in the registration by Arrowhead’s stockholders (including the Holders), or may exclude, to the extent so advised by the underwriter(s), such underwritten securities entirely from the registration. Arrowhead shall so advise all holders of securities requesting registration, and, subject to the preceding sentence, the number of shares of securities that are entitled to be included in the registration and underwriting shall be allocated (x) first to Arrowhead for securities being sold for its own account; (y) thereafter to the holders of Registrable Securities and Other Shares (other than Employee Stockholders, as defined below) electing to include shares in the registration, based on the number of shares held by each person on a pro rata basis; and (z) thereafter to employees, officers or directors of, or contractors, consultants or advisers to, Arrowhead who own Other Shares and are electing to include shares in the registration (“Employee Stockholders”), on a pro rata basis. If any Holder or other selling stockholder does not request inclusion of the maximum number of shares of Registrable Securities and Other Shares allocated to him pursuant to the above-described procedure, the remaining portion of such person’s allocation shall be reallocated among those requesting Holders and other selling stockholders whose allocations did not satisfy their requests in the order described in subsections (x) and (y) above, pro rata under each such subsection on the basis of the number of shares of Registrable Securities and Other Shares which would be held by such Holders and other selling stockholders, assuming conversion, and this procedure shall be repeated until all of the shares of Registrable Securities and Other Shares which may be included in the registration on behalf of the Holders and other selling stockholders have been so allocated.

(ii) General Priority Over Other Arrowhead Stock. Arrowhead shall not limit the number of Registrable Securities to be included in a registration pursuant to this Agreement in order to include shares of Arrowhead Stock held by stockholders with no registration rights or to include any shares of Arrowhead Stock issued to employees, officers, directors, contractors, consultants or advisers pursuant to any of Arrowhead’s employee stock option or stock purchase plans, stock bonuses or awards, incentive stock arrangements or similar arrangements. Except in accordance with Section 2(f)(i), in no event shall Arrowhead limit in any manner the number of Registrable Securities to be included in the Piggyback Registration. In no event shall Arrowhead limit in any manner the number of Registrable Securities to be included in the Initial Registration.

(g) Termination of Registration Rights. The right of any Holder to request inclusion in any registration pursuant to Section 2 shall terminate on the date that all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 without restriction.

3. Expenses of Registration. All Registration Expenses incurred in connection with the registration described in Section 2 shall be borne by the Company. All other registration expenses, if any, shall be borne by the Holders pro rata on the basis of the number of shares so registered or proposed to be so registered.

4. Registration Procedures. The Company will keep each Holder advised in writing as to the initiation of the registration described in Section 2 and as to the completion thereof. The Company will:

(a) **Registration Statement.** Prepare and file with the Commission a registration statement with respect to such Registrable Securities and cause such registration statement to become effective and remain effective, in each case in accordance with the timeframes provided in Sections 2(a).

(b) **Amendments and Supplements.** Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in Section 2(a) above.

(c) **Prospectus.** Furnish to the Holders such number of copies of the registration statement, any amendments thereto, any documents incorporated by reference therein, a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) **Qualification.** Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) **Underwriting Obligations.** In the event of any underwritten public offering of Registrable Securities, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an underwriting agreement. The Company shall, if requested by the managing underwriter or underwriters, if any, counsel to Holders, or any holder of Registrable Securities included in such offering, promptly incorporate in a prospectus supplement or post-effective amendment such information as such managing underwriter or underwriters, counsel to Holders or any holder of Registrable Securities reasonably requests to be included therein, and which is reasonably related to the offering of such Registrable Securities, including, without limitation, with respect to the Registrable Securities being sold by such holder to such underwriter or underwriters, the purchase price being paid therefor by such underwriter or underwriters and any other terms of an underwritten offering of the Registrable Securities to be sold in such offering, and the Company shall promptly make all required filings of such prospectus supplement or post-effective amendment.

(f) Notice. Immediately notify each Holder holding Registrable Securities covered by a registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing (a "Suspension Notice"); provided, however, that (i) the Company shall not give more than two Suspension Notices during any period of twelve consecutive months, (ii) any such Suspension Notice shall not be given within one hundred twenty (120) days of the end of the Suspension Notice period under the prior Suspension Notice and (iii) in no event shall the period from the date on which any holder of Registrable Securities receives a Suspension Notice until the date on which such holder receives copies of the supplemented or amended prospectus or is advised in writing by the Company that the use of the prospectus may be resumed exceed for all Suspension Notices in the aggregate, sixty (60) days in any three hundred sixty-five (365) day period. The Company will use reasonable best efforts to promptly amend or supplement such prospectus in order to cause such prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Listing. Cause all such Registrable Securities registered pursuant hereto to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed or, if no securities are then listed, on the NASDAQ Stock Market Inc.'s Global Market.

(h) Transfer Agent; CUSIP Number. Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities not later than the effective date of such registration.

(i) Stop Orders. Use its reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a registration statement relating to Registrable Securities, and if one is issued, use its best efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement at the earliest possible moment.

(j) Company Records. Upon reasonable notice, make available to each Holder, any underwriter participating in any disposition pursuant to a registration statement relating to Registrable Securities, and any attorney, accountant or other agent or representative retained by any such Holder or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records") reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement, provided that each such Holder and Inspector has entered into a customary confidentiality agreement with respect to such Records.

(k) NASD Matters. Cooperate with each Holder and each underwriter participating in the disposition of Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. ("**NASD**"), including, if appropriate, the pre-filing of a prospectus as part of a registration statement in advance of an underwritten offering.

5. Indemnification.

(a) Company Indemnification. The Company will indemnify each holder (if Registrable Securities held by such holder are included in the securities as to which such registration is being effected), each of its officers and directors and partners, and each person controlling such holder within the meaning of Section 15 of the Securities Act, with respect to which registration has been effected pursuant to this Agreement, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation by the Company of the Securities Act, the Exchange Act, state securities laws or any rule or regulation promulgated under such laws applicable to the Company in connection with any such registration, and the Company will reimburse each such holder, each of its officers and directors, and each person controlling such holder, for any legal and any other expenses reasonably incurred, as such expenses are incurred, in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, *provided* that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by such holder or controlling person, and stated to be specifically for use therein; *provided, further*, that the indemnity agreement contained in this subsection 5(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld).

(b) Holder Indemnification. Each holder will, if Registrable Securities held by such holder are included in the securities as to which such registration is being effected, indemnify the Company, each of its directors and officers, other holders of the Company's securities covered by such registration statement, each person who controls the Company within the meaning of Section 15 of the Securities Act, and each such holder, each of its officers and directors and each person controlling such holder within the meaning of Section 15 of the Securities Act, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by such holder of the Securities Act, the Exchange Act, state securities laws or any rule or regulation promulgated

under such laws applicable to such holder, and will reimburse the Company, each such Holder, such directors, officers, persons, underwriters or control persons for any legal or any other expenses reasonably incurred, as such expenses are incurred, in connection with investigating or defending any such claim, loss, damage, liability or action, but in the case of the Company or such Holders or their officers, directors or controlling persons, only to the extent that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by such holder and stated to be specifically for use therein; provided, further, that the indemnity agreement contained in this Subsection 5(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such indemnifying holder (which consent shall not be unreasonably withheld or delayed). The liability of any holder for indemnification under this Section 5(b) in its capacity as a seller of Registrable Securities shall not exceed the lesser of (i) that proportion of the total of such losses, claims, damages, expenses or liabilities indemnified against equal to the proportion of the total securities sold under such registration statement by such holder, and (ii) the amount equal to the net proceeds to such holder of the securities sold in any such registration.

(c) Notice. Each party entitled to indemnification under this Section 5 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement unless the failure to give such notice is materially prejudicial to an Indemnifying Party's ability to defend such action and provided further, that the Indemnifying Party shall not assume the defense for matters as to which there is a conflict of interest or there are separate and different defenses. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party (whose consent shall not be unreasonably withheld), consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) Contribution. If the indemnification provided for in this Section 5 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any losses, claims, damages or liabilities referred to herein, the Indemnifying Party, in lieu of indemnifying such Indemnified Party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the untrue statement or omission that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by a court of law by reference to, among other things,

whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided*, that in no event shall any contribution by an Holder hereunder exceed the proceeds from the offering received by such Holder.

(e) **Survival.** The obligations of the Company and the Holders under this Section 5 shall survive completion of any offering of Registrable Securities in a registration statement and the termination of this agreement. The provisions of this Section 5 shall survive any termination of this Agreement.

6. **Information by Holder.** The Holder or Holders holding Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders, the Registrable Securities held by them and the distribution proposed by such Holder or Holders as the Company may reasonably request in writing and as shall be required in connection with any registration referred to in this Agreement.

7. **Rule 144 Reporting.** With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Restricted Securities to the public without registration, the Company agrees to use reasonable best efforts to:

(a) **Public Information.** Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) **Filing.** File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) **Rule 144 Statement.** So long as an Holder owns any Restricted Securities, to furnish to such Holder forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 (at any time after 90 days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents of the Company and other information in the possession of or reasonably obtainable by the Company as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

8. **Amendment.** Except as otherwise provided herein, additional parties may be added to this Agreement and any provision of this Agreement may be amended or the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and each Holder. Any amendment or waiver effected in accordance with this Section 8 shall be binding upon each Holder, any transferee thereof and the Company.

9. **Governing Law.** This Agreement shall be governed in all respects by the internal laws of the State of Delaware without regard to conflict of laws provisions.

10. Entire Agreement; Counterparts; Successors. This Agreement constitutes the entire agreement among the parties with respect to its subject matter and supersedes all prior written and oral agreements and understandings, and all contemporaneous oral agreements and understandings, among the parties with respect to this subject matter. This Agreement may be executed in two or more counterparts, which together shall constitute one instrument.

11. Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to other persons or circumstances will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

12. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the Company's and each Holder's successors, assigns and transferees, including, without limitation and without the need for an express assignment, subsequent holders of Registrable Securities. If any assignee or transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such person shall be entitled to receive the benefits hereof.

13. Notices, etc. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or otherwise delivered by facsimile transmission, by hand or by messenger, addressed:

(a) **Holder.** If to an Holder, at such Holder's address as set forth in either Exhibit A, or at such other address as such Holder shall have furnished to the Company.

(b) **Company.** If to the Company, to:

Arrowhead Research Corporation
201 South Lake Avenue, Suite 703
Pasadena, California 91101
Attention: President;
Facsimile number 626-304-3401

or at such other address as the Company shall have furnished to the Holders.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, if sent by facsimile, the

first business day after the date of confirmation that the facsimile has been successfully transmitted to the facsimile number for the party notified, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid.

14. Specific Performance. The parties hereto specifically acknowledge that monetary damages are not an adequate remedy for violations of this Agreement, and that any party hereto may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law and to the extent the party seeking such relief would be entitled to the merits to obtain such relief, each party waives any objection to the imposition of such relief.

15. Designation of Forum and Consent to Jurisdiction. The parties hereto (i) designate the courts of the State of California as the forum where all matters pertaining to this Agreement may be adjudicated, and (ii) by the foregoing designation, consent to the exclusive jurisdiction and venue of such courts for the purpose of adjudicating all matters pertaining to this Agreement.

16. Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization of shares by the Company occurring after the date of this Agreement.

[Signature Page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement as of the date first set forth above.

ARROWHEAD RESEARCH CORPORATION

By: /s/ R. Bruce Stewart

Name: R. Bruce Stewart

Title: Chief Executive Officer

[Signature Page to Registration Rights Agreement]

INVESTORS:

/s/ William A. McMinn

William A. McMinn

/s/ Bob Gower

Bob Gower

/s/ Mary H. Cain

Mary H. Cain

THE MARY H. CAIN MARITAL TRUST

By: /s/ Mary H. Cain

Mary H. Cain, Trustee

Exhibit A

William A. McMinn
8 Greenway Plaza East, Suite 702
Houston, Texas 77046

Bob Gower
16200 Park Row,
Houston, TX 77084

Mary H. Cain
8 Greenway Plaza, Suite 702,
Houston, TX 77046

The Mary H. Cain Marital Trust
8 Greenway Plaza, Suite 702,
Houston, TX 77046

LOCK-UP AND STANDSTILL AGREEMENT

This LOCK-UP AND STANDSTILL AGREEMENT (the "Agreement") is made as of April 20, 2007, by and between Arrowhead Research Corporation, a Delaware corporation (the "Company"), and the undersigned (the "Securityholder").

WITNESSETH:

WHEREAS, on the date hereof, the Company and the Securityholder are consummating a stock purchase transaction (the "Stock Purchase Transaction");

WHEREAS, pursuant to the Stock Purchase Transaction, the Securityholder will be the holder of record of that number of shares (the "Shares") of Company Common Stock, par value \$0.001 per share (the "Common Stock").

WHEREAS, the Shares will be registered for resale pursuant to a registration statement on Form S-3 (or similar form) to be filed by the Company with the Securities and Exchange Commission in accordance with the terms and conditions of a certain Registration Rights Agreement dated as of the date hereof by and among the Company and the Investors named therein; and

WHEREAS, as a condition to the consummation of the Stock Purchase Transaction, the Company has required that the Securityholder agree to refrain from certain sales of the Shares and other securities of the Company, and the Securityholder has agreed to so refrain, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Securityholder hereby agrees as follows:

1. **Standstill Provision.** Securityholder agrees that from the date of this Agreement through the earlier of (i) the second anniversary of the expiration of the Lock-Up Period (as defined below), and (ii) the date that the Securityholder (together with its Affiliates (as defined below)) no longer beneficially owns Common Stock (including shares underlying options or warrants) representing, on an as converted basis, in the aggregate, at least 10% of the Company's outstanding Common Stock (making equitable adjustments for any conversions, reclassifications, reorganizations, stock dividends, stock splits, reverse splits and similar events which occur with respect to the Common Stock), neither the Securityholder nor its Affiliates will, directly or indirectly, without the prior written consent of a majority of the Board of Directors of the Company (excluding any nominees or designees of the Securityholder on the Board of Directors), in the directors' sole and absolute discretion, acquire, agree to acquire, make any proposal to acquire, or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) to do any of the foregoing, equity securities (including convertible debt instruments and preferred stock or any shares of capital stock issuable upon the conversion or exercise thereof) of the Company representing more than 20% of the voting power of all voting securities of the Company on a fully diluted basis. "Affiliate" means, with respect to any specified person, a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is

under common control with, the specified person, where “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract, or otherwise.

2. **General Lock-Up of Securities.** Subject to the provisions of Section 1 hereof and the last sentence of this Section 2, and subject in all events to the consummation of the Stock Purchase Transaction, during the period commencing on the date of this Agreement and ending on the One Hundred and Eighty-First (181st) day following the date of this Agreement (such period is referred to herein as the “Lock-Up Period”), the Securityholder shall not (a) sell, transfer, assign, offer, pledge, contract to sell, transfer or assign, sell any option or contract to purchase, purchase any option or contract to sell, transfer or assign, grant any option, right or warrant to purchase, or otherwise transfer, assign or dispose of, directly or indirectly, any of (1) the Shares or (2) any other securities of the Company now held or hereafter acquired by the Securityholder, including, but not limited to, securities convertible into or exercisable or exchangeable for Common Stock (all such securities, the “Locked-Up Securities”), (b) enter into any swap or other arrangement that transfers or assigns to another person or entity, in whole or in part, any of the economic benefits, obligations or other consequences of any nature of ownership of the Locked-Up Securities, whether any such transaction is to be settled by delivery of the Locked-Up Securities in cash or otherwise, or (c) engage in any short selling of the Common Stock or securities convertible into or exercisable or exchangeable for Common Stock. Each of the transactions referred to in the foregoing clauses (a), (b) and (c) is referred to herein individually as a “Sale” and collectively as “Sales.” Notwithstanding the restrictions set forth in this Section 1, during the Lock-Up Period the Securityholder shall be permitted (i) to transfer Locked-Up Securities to transferees for estate planning purposes and (ii) to transfer or sell Locked-Up Securities in privately negotiated transactions that are exempt from the registration requirements of the Securities Act of 1933, as amended, and from the registration and qualification requirements of all applicable state securities laws, so long as under either clause (i) or (ii) any such transferee or purchaser, as the case may be, signs a written instrument satisfactory to the Company in its sole discretion evidencing such transferee’s or purchaser’s agreement to be bound by the provisions of this Agreement with respect to the Locked-Up Securities so transferred.

3. **Trading Plans.** Notwithstanding anything herein to the contrary, nothing herein shall prevent the Securityholder from establishing a 10b5-1 trading plan that complies with Rule 10b5-1 under the Exchange Act or from amending an existing 10b5-1 trading plan so long as (i) there are no sales or dispositions of securities of the Company under such plans during the Lock-Up Period, as the same may be extended hereby and (ii) no party, including the undersigned, shall be required to, nor shall it voluntarily, file a report under Section 16(a) of the Exchange Act in connection with the adoption or amendment of such trading plan.

4. **Extension of Lock-Up Period.** Notwithstanding the foregoing, if (1) during the last 17 days of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this Agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

5. **Equitable Remedies.** The Securityholder acknowledges and agrees that the Company's remedy at law for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by the Securityholder of any of the provisions of this Agreement it is agreed that, in addition to its remedy at law, the Company shall be entitled, without posting any bond, to equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. Nothing herein contained shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including, without limitation, issuing stop transfer instructions to the Company's transfer agent in connection with any purported transfer of Locked-Up Securities by the Securityholder in violation of the provisions of this Agreement.

6. **General Provisions.** The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Agreement and that this Agreement has been duly authorized (if the undersigned is not a natural person), executed and delivered by the undersigned and is a valid and binding agreement of the Securityholder. Except as provided in the last sentence of Section 2 of this Agreement, this Agreement and the obligations of the Securityholder hereunder may not be assigned or transferred in whole or in part by the Securityholder without the prior written consent of the Company. Subject to the foregoing, this Agreement and the rights and obligations hereunder shall be binding upon, and inure to the benefit of, the Securityholder and the Company and their respective heirs, successors and assigns. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles. This Agreement may not be amended or modified except by a written instrument duly executed by the parties hereto. The parties hereto hereby submit to the exclusive jurisdiction of the courts of the State of California or the Federal District Court for the Central District of California over any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such courts.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Lock-Up and Standstill Agreement as an instrument under seal effective as of the date first above written.

ARROWHEAD RESEARCH CORPORATION

By: /s/ R. Bruce Stewart

Name: R. Bruce Stewart

Title: Chief Executive Officer

[Signature Page to Lock-Up and Standstill Agreement]

SECURITYHOLDER

INVESTORS:

/s/ William A. McMinn

William A. McMinn

/s/ Bob Gower

Bob Gower

/s/ Mary H. Cain

Mary H. Cain

THE MARY H. CAIN MARITAL TRUST

By: /s/ Mary H. Cain

Mary H. Cain, Trustee

[Signature Page to Lock-Up and Standstill Agreement]



April 23, 2007
7:00 AM ET

**ARROWHEAD SUBSIDIARY UNIDYM, AND CARBON NANOTECHNOLOGIES, INC.
CLOSE MERGER**

Combination Creates Leader in Carbon Nanotubes

PASADENA, Calif. – April 23, 2007 – Arrowhead Research Corporation (NASDAQ: ARWR) announced today that its majority-owned subsidiary, Unidym, Inc., has closed the merger with Carbon Nanotechnologies, Inc. (“CNI”). The combined company, which will operate under the Unidym name, has the dominant portfolio of carbon nanotube-related patents and is one of the largest manufacturers of carbon nanotubes in the world. The merger positions the company as a leader in bringing carbon nanotube-based products to market.

“In addition to integrating the operations of the two companies, our priority over the coming months will be developing strategic partnerships and the licensing program,” said R. Bruce Stewart, Arrowhead’s Chairman. “We expect the merger to stimulate increased interest in carbon nanotube technology.”

CNI was founded in 2000 by the late Rice University professor Richard Smalley who received the Nobel Prize for his work in carbon nanotubes. His pioneering work led to a suite of patents that covers technologies being used today to develop nanotube-based products. CNI has more than 100 patents (including 54 issued U.S. patents) and patent applications covering compositions of matter, methods of manufacturing, processing and products incorporating carbon nanotubes, with over 5000 claims in various stages of prosecution.

Unidym is developing carbon nanotube-based products for the electronics industry. The company’s first product is a transparent electrode that is intended to replace the indium tin oxide (ITO) electrodes in products such as flat-panel displays used in televisions, laptop computers, mobile phones and touch screens, solar cells, and solid state lighting. The total existing market for this product is approximately \$1 billion. Unidym has already provided samples to potential customers in each of its target industries. Unidym’s second product is a carbon nanotube-based thin film transistor (TFT) intended for the emerging flexible (also known as printable) electronics industry.

Under the terms of the deal, Arrowhead transferred to the combined company its sponsored research agreements with Duke University and the University of Florida, as well as accelerated an additional capital contribution of \$4 million. Arrowhead maintains majority-ownership of Unidym.

About Arrowhead Research Corporation

Arrowhead Research Corporation (www.arrowheadresearch.com) is a publicly-traded nanotechnology company commercializing new technologies in the areas of life sciences, electronics, and energy. Arrowhead is building value for shareholders through the progress of majority owned subsidiaries founded on nanotechnologies originally developed at universities.

The company works closely with universities to source early stage deals and to generate rights to intellectual property covering promising new nanotechnologies. Currently, Arrowhead has four subsidiaries commercializing nanotech products and applications, including anti-cancer drugs, RNAi therapeutics, carbon-based electronics and compound semiconductor materials.

About Unidym

Unidym, Inc. is developing low-cost, carbon-based materials, processes, and devices for the electronics industry. The Company's initial product is a thin, transparent film of carbon nanotubes that replaces the expensive, failure-prone materials currently employed by manufacturers of devices such as touch screens, flat panel displays, and solid state lighting. Unidym is also developing novel carbon nanotube-based transistors and conductive inks for the printable electronics industry to replace today's complex and capital intensive semiconductor manufacturing processes with inexpensive, solution-based printing processes. Unidym differentiates itself through its emphasis on low-cost materials and processes, in-house carbon nanotube production, aggressive partnership strategy, and significant intellectual property portfolio that includes foundational IP in both of its initial applications.

About Carbon Nanotechnologies, Inc.

CNI has more than 100 patents and patent applications with a total of about 5000 claims in various stages of prosecution. The portfolio of 100 patents and applications includes about 850 composition of matter claims. CNI has several pilot plants to produce single-wall and other small-diameter carbon nanotubes in operation at its location in west Houston.

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 recent economic slowdown affecting technology companies, 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 Annual Report on Form 10-K and 10-K/A, recent and forthcoming Quarterly Reports on Form 10-Q and 10-Q/A, recent Current Reports on Forms 8-K and 8-K/A, our Registration Statements on Form S-3, 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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