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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 10, 2009

Arrowhead Research Corporation

(Exact name of registrant as specified in its charter)

0-21898

(Commission File Number)

Delaware

(State or other jurisdiction of incorporation)

46-0408024

(IRS Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On August 10, 2009, Arrowhead Research Corporation announced and commented on its third quarter financial results for the quarter ended June 30, 2009. A copy of the press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as expressly set forth by specific reference in such filing to this Current Report on Form 8-K.

Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

Arrowhead Research Corporation (the "Company") received a staff deficiency letter from The NASDAQ Stock Market on May 20, 2009 indicating that, based on the Company's stockholders' equity as reported in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, the Company does not comply with the minimum stockholders' equity requirement of \$2.5 million for continued listing on The NASDAQ Capital Market as set forth in NASDAQ Listing Rule 5550(b)(1). The notice was previously reported in the Company's Form 8-K filed on May 27, 2009.

The Company and its subsidiaries have taken the following actions to strengthen the Company's consolidated balance sheet.

Reduction of Severance Benefits

Effective May 12, 2009, the Company entered into an Amendment to the Severance Agreement with R. Bruce Stewart, the Company's Executive Chairman. This Executive Chairman agreed to reduce his severance package from \$750,000 as of March 31, 2009, to approximately \$23,500 for the period ended June 30, 2009. Since the severance liability had been previously accrued, the amendment resulted in an addition of \$726,500 to the Company's consolidated stockholders' equity. The amendment was reported as a subsequent event in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

Sale and License of Calando Assets

On June 23, 2009, the Company's majority owned subsidiary, Calando Pharmaceuticals, Inc., completed transactions with Cerulean Pharma, Inc. whereby Calando licensed its CycloSert™ drug delivery platform and its clinical candidate, IT-101, for an upfront payment of \$2.4 million and future milestone and royalty payments. To facilitate the completion of the transactions, holders (including the Company) of an aggregate of \$2.9 million of Calando Unsecured Convertible Promissory Notes converted principal and interest into a newly authorized Calando Series A Preferred Stock. As a result of these transactions, the Company's consolidated stockholders' equity increased by approximately \$4.5 million. The transactions were previously reported in the Company's Form 8-K filed on June 29, 2009.

Amendment of TEL Ventures Arrangement

On June 25, 2009, the Company's majority owned subsidiary, Unidym, Inc., and TEL Ventures, Inc. ("TEL VC"), agreed to postpone and modify certain put rights associated with TEL VC's purchase of Unidym Series C-1 Preferred Stock in November 2008. The existence of the put rights necessitated the classification of TEL VC's Preferred Stock Ownership as a liability rather than equity on the Company's consolidated balance sheet. Also on June 25, 2009, the Company and TEL VC agreed to exchange 75% of TEL VC's Series C-1 Preferred Stock for an equal number of shares of restricted Company common stock, reducing permanently the number of shares available to TEL VC for put to Unidym. The elimination of the portion of TEL VC's put rights associated with the Preferred Stock Ownership resulted in a reclassification of the \$2 million investment such that \$1.5 million of the \$2 million liability converted to equity. The agreement was previously reported in the Company's Form 8-K filed on June 29, 2009.

On July 31, 2009, Unidym met the requirements for the waiver of the remainder TEL VC's put rights. The waiver will result in the reclassification of the \$500,000 liability to equity to be reflected in the Company's results for the quarter and the year ended September 30, 2009. This transaction was previously reported in the Company's Current Report on Form 8-K filed on August 5, 2009.

Completion of Financing

Subsequent to June 30, 2009, the Company completed a private placement transaction for \$2.76 million in gross proceeds.

On August 10, 2009, the Company reported \$3.7 million in stockholders' equity in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. Given events subsequent to quarter end, including the completion of the financing, the waiver of the remainder of TEL VC's put rights, and taking into consideration the Company's estimated expenses since quarter end, as of the date of this report, the Company believes that it has regained compliance with the stockholders' equity requirement for continued listing on The NASDAQ Capital Market as set forth in NASDAQ Listing Rule 5550(b)(1). The filing of this Current Report on Form 8-K completes the Company's compliance requirements. NASDAQ will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of future periodic reports the Company does not evidence compliance, it may be subject to delisting actions at that time.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated August 10, 2009.

SIGNATURES

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

Date: August 10, 2009

ARROWHEAD RESEARCH CORPORATION

By: /s/ Paul C. McDonnel

Paul C. McDonnel

Chief Financial Officer

**PRESS RELEASE**

August 10, 2009
1:00 pm PT

Investor Relations Contact:

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Arrowhead Reports Third Quarter Fiscal 2009 Financial Results

PASADENA, Calif. — Arrowhead Research Corporation (NASDAQ: ARWR) today announced financial results for its third fiscal quarter ended June 30 2009.

THIRD QUARTER FISCAL 2009 AND RECENT COMPANY HIGHLIGHTS:

- Business highlights:
 - o Increased ownership in carbon nanotube-based electronics films subsidiary Unidym Inc. to 67% and executed agreements to increase ownership to 70%
 - o Executed license agreements for majority-owned subsidiary Calando Pharmaceuticals' CyclosetTM drug delivery platform and associated clinical stage anti-cancer drug, IT-101, with upfront payments of \$2.4 million, with potential future milestone and royalty payments
 - o Restructured Unidym and Calando liabilities such that \$3.6 million in liabilities was converted to \$3.6 million in stockholders' equity, with an additional \$500,000 converting subsequent to quarter end.
 - o Majority-owned Unidym, Inc. agreed to partner its bulk materials business with Continental Carbon Company, a global leader in carbon blacks, conductive blacks and carbon nanotubes, includes potential earnout of \$26.5 million based on sales.
 - o Unidym entered into a joint development agreement with a leading global electronics manufacturer. With this partnership, Unidym is now working with two of the leading global manufacturers of LCDs to incorporate its CNT films into their display devices.
 - o Continued consolidation activities to further streamline Unidym and Calando operations and maximize potential for near-term opportunities while conserving cash
- Financial highlights:
 - o Decreased quarterly operating expenses by 51% year-over-year to \$4.9 million

- o Decreased cash burn by 89% in the third quarter of fiscal 2009 compared to the same quarter in the prior year and by 35% compared to the second quarter of fiscal 2009
- o On August 6, 2009, completed an oversubscribed financing transaction that raised gross proceeds of \$2.76 million

“Our company has undergone significant transformation over the last quarter to tightly focus our business on the highest return opportunities and reduce our cost structure,” stated Dr. Christopher Anzalone, Arrowhead’s President and CEO. “We have made tremendous progress and are now poised to dedicate our resources to the nearest-term revenue drivers and work more actively with key partners while continuing to improve our balance sheet.

“Our resources are primarily focused on our lead subsidiary Unidym, where we see the nearest-term value creation for our shareholders. By restructuring Unidym’s business model from a vertically-integrated company to one that focuses on its core competencies and on establishing partnerships with well-positioned and well-capitalized companies, we have effectively scaled back Unidym’s cost structure and aggressively reduced its monthly cash burn by 50% from January to June of this year.

“As Unidym built key partnerships and made progress toward product commercialization, we strategically increased our ownership position in Unidym to 67%, and have executed agreements to reach 70%, to further maximize our stake in potential revenues, which we expect to begin seeing in modest amounts in late 2009,” Dr. Anzalone continued. “Funds from our recently completed private placement will assist Unidym in commercializing its carbon nanotubes for the touch panel market. As a result of established partnerships with industry leading OEMs such as Samsung Electronics, we are confident that Unidym will emerge as a dominant player in the CNT-production and application market.

“In addition to Unidym, we believe our holdings in Calando Pharmaceuticals and Nanotope, Inc. could also drive near-term value without requiring significant additional capital from Arrowhead. As we work with our subsidiaries to bring innovative new products to market, we will continue to implement prudent cost controls while maximizing partnering opportunities,” Dr. Anzalone concluded.

SELECTED THIRD QUARTER FISCAL 2009 AND YEAR-TO-DATE FINANCIAL RESULTS

For third quarter ended June 30, 2009, Arrowhead reported revenues of \$2.6 million, compared with \$0.2 million in the same period in 2008. The increase in revenues resulted from an upfront cash payment of \$2.4 million from Cerulean Pharma Inc. for a licensing agreement with Calando for further development of Calando's IT-101 drug candidate and its associated delivery platform.

Total operating expenses for the third quarter of fiscal 2009 decreased by 51% to \$4.9 million, compared with total operating expenses of \$10.1 million for the third quarter of fiscal 2008. Operating expenses for the third quarter of fiscal 2009 included non-cash charges of \$1.7 million for in-process research and development related to the transactions to increase Arrowhead's ownership in Unidym.

Net loss for the third quarter of fiscal 2009 was (\$2.5) million, or (\$0.06) per diluted share based on 43.3 million weighted average shares outstanding. This compares with a net loss of (\$7.5) million, or (\$0.19) per diluted share on 38.9 million weighted average shares outstanding, for the third quarter of fiscal 2008.

For the nine months ended June 30, 2009, Arrowhead reported revenues of \$3.6 million, compared with \$1.4 million for the nine months ended June 30, 2008. Net loss for the nine months ended June 30, 2009 was (\$15.8) million, or (\$0.37) per share on 43.1 million weighted average shares outstanding, compared with a net loss of \$18.4 million, or (\$0.48) per share on 38.8 million weighted average shares outstanding, in the same period in the prior year.

The Company's net cash used in operations for the nine months ended June 30, 2009 was \$12.9 million, compared with \$19.2 million in the comparable fiscal 2008 period. Arrowhead's consolidated cash flows included approximately \$2.5 million raised from outside investors through a note offering by Calando and the sale of \$2 million of newly issued Unidym C-1 shares to TEL Ventures in the first quarter of fiscal 2009. Additionally, Unidym realized a \$0.7 million gain through the sale of its equity interest in Ensysce BioSciences, Inc.

As of June 30, 2009, Arrowhead had cash and cash equivalents of \$1.9 million and stockholders' equity of \$3.7 million. Subsequent to the end of the third fiscal quarter, Arrowhead sold an aggregate of 9.2 million units comprised of common stock and warrants in a private placement transaction with accredited investors for gross proceeds of \$2.76 million.

Conference Call

The Company will conduct a financial announcement conference call today, Monday, August 10, 2009, at 4:30 p.m. Eastern time/1:30 p.m. Pacific time to discuss the Company's results. To participate in the conference call, please dial 888-846-5003 or 480-629-9856. Investors may also access a live audio web cast of this conference call on the Company's website at www.arrowheadresearch.com.

A replay of the webcast will be available approximately two hours after the conclusion of the call. The webcast replay will remain available for 90 days. An audio replay will also be available approximately two hours after the conclusion of the call and will be made available until Monday, August 17, 2009. The audio replay can be accessed by dialing 800-406-7325 or 303-590-3030 and entering access ID number 4134570#.

About Arrowhead Research Corporation

Arrowhead Research Corporation (www.arrowheadresearch.com) (NASDAQ: ARWR) is a nanotechnology company commercializing new technologies in the areas of life sciences, electronics, and energy. Arrowhead is seeking to build value for shareholders through the progress of majority owned subsidiaries. Currently, Arrowhead has four subsidiaries commercializing nanotech products and applications and minority investments in two privately held nanobiotech companies.

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

This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current expectations and speak only as of the date hereof. Our actual results may differ materially and adversely from those expressed in any forward-looking statements as a result of various factors and uncertainties, including the 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, the financial resources available to us, and general economic conditions. For example, there can be no assurance that Arrowhead or its subsidiaries will be able to sustain operations for expected periods, that we will be able to achieve or sustain targeted levels of expense reductions or that any of these entities will be successful in obtaining additional funding needed to sustain operations. Arrowhead Research Corporation's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q discuss some of the important risk factors that may affect our business, results of operations and financial condition. We disclaim any intent to revise or update publicly any forward-looking statements for any reason.