

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 24, 2006

**Arrowhead Research Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-21898**  
(Commission  
File Number)

**46-0408024**  
(I.R.S. Employer  
Identification No.)

**1118 East Green Street, Pasadena, CA**  
(Address of principal executive offices)

**91106**  
(Zip Code)

Registrant's telephone number, including area code: (626) 792-5549

**Not Applicable**

(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:

- 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))

**Item 8.01. Other Events.**

On January 24, 2006 the Company distributed its 2005 Annual Report with a Letter to Shareholders from the Chairman of the Board (the "Letter to Shareholders"). The information included in this Item 8.01, including the Letter to the Shareholders, satisfies the public disclosure requirements of Regulation FD and Item 7.01 of this Form 8-K. This information is "furnished" and not "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may be incorporated by reference in another filing under the Securities and Exchange Act of 1934 or the Securities Act of 1933 only if, and to the extent that, such subsequent filing specifically references the information incorporated by reference herein.

The Letter to Shareholders is attached as **Exhibit 99.1** hereto.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Letter to Shareholders

---

**SIGNATURES**

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

Date: January 24, 2006

ARROWHEAD RESEARCH CORPORATION

By: /s/ Joseph T. Kingsley  
Joseph T. Kingsley, Chief Financial Officer

Dear Shareholders:

I am pleased to report that Arrowhead Research Corporation enjoyed a productive and eventful year. Majority-owned subsidiaries Insert Therapeutics and Aonex Technologies made tremendous progress on the path to commercialization. Insert is heading toward clinical trials with its first anti-cancer therapeutic in early 2006 and has new compounds in the pipeline. Aonex Technologies obtained government funding and made steady progress in development of optoelectronic devices.

In 2005, we introduced two new subsidiaries to the Arrowhead family, Calando Pharmaceuticals and NanoPolaris, Inc. Calando was formed in February to develop RNAi therapeutics for a variety of different diseases. NanoPolaris was formed in April to generate revenue by licensing intellectual property to customers who utilize nanotube technology in their products. In December, NanoPolaris announced that it had obtained exclusive rights to patents and patent applications covering nanotube technologies developed at eight universities in the U.S., Canada, and China.

We also invested in two new R&D projects at Stanford University and Duke University. The team of scientists and doctors at Stanford is building a nanotech device to control the behavior of stem cells, and the Duke group is developing a potential solution to the interconnect problem that will soon plague the semiconductor industry. We acquired strategic IP assets from a German company covering gene and protein chips, and expect to unveil the commercialization plan for this technology in 2006.

In May, all outstanding warrants to purchase the Company's common stock were called. The \$20 million generated gives us sufficient working capital to fund operations through the second half of calendar 2007. With a strong balance sheet, we are in a position to take advantage of strategic opportunities that we identify in the coming year.

While cultivating our growing subsidiaries and making strategic investments in new ventures, we also took decisive and immediate action to dissolve Nanotechnica and terminate two research projects. Our business model enabled us to identify serious technical and business obstacles associated with these ventures at an early stage and to take action to insure the efficient use of the Company's capital.

Perhaps no events in 2005 are more important than the hiring of a new President to guide Arrowhead and its subsidiaries. Dr. Leon Ekchian is a tested business leader with the experience and knowledge to drive our subsidiaries toward successful commercialization and help identify new strategic investments.

We are confident that nanotechnology will have a major commercial impact in the coming years, and we believe Arrowhead is well positioned to generate significant value from this technological revolution.

Sincerely,

/s/ R. Bruce Stewart

---

R. Bruce Stewart,  
Chairman of the Board