
PRESS RELEASE

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Contact: John Petrovich
Telephone: 626-305-9322
jpetrovich@calandopharma.com

**CALANDO PHARMACEUTICALS, UCLA MEDICAL CENTER, CITY OF HOPE ANNOUNCE
PLANS TO CONDUCT FIRST CANCER CLINICAL TRIAL FOR RNAi THERAPEUTIC**

**First Human Trials Using Targeted, Formulated siRNA to use NA interference
Against Cancer**

PASADENA, Calif.—May 11, 2007—Calando Pharmaceuticals, a leading siRNA therapeutics company and a majority-owned subsidiary of Arrowhead Research Corporation (NASDAQ: ARWR), together with City of Hope (COH) and the UCLA Jonsson Cancer Center (UCLA), today announced that Calando, UCLA and COH are planning a broad-based Phase I clinical trial to begin later this year for Calando's lead drug candidate, CALAA-01, a nanoparticle containing non-chemically modified siRNA and a transferrin protein targeting agent formulated with Calando's RONDEL™ (RNA/Oligonucleotide Nanoparticle Delivery) technology.

Calando has commenced IND-enabling toxicity studies in rats and monkeys and is actively engaged in the scale-up of therapeutic manufacturing to produce cGMP-grade clinical materials for the Phase I trial. Calando will be responsible for filing an Investigational New Drug application with the US Food and Drug Administration, and upon regulatory approval, Calando, COH and UCLA plan to conduct an open-label, dose-escalation Phase I clinical trial in patients with unresectable or metastatic solid tumors. The study will be led by Yun Yen, MD, Ph.D., at COH and Antoni Ribas, MD, at UCLA. Based upon the evaluation of the results from this study, Calando plans to conduct separate, disease-specific Phase II trials.

"This will be the first targeted, formulated siRNA therapeutic to be used in humans," said John Petrovich, Calando's CEO. "Others are taking a non-targeted approach to cancer, but based upon our work and those that are published in the open literature, we believe that some form of targeting to cancer cells that provides for efficient intracellular uptake is

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essential for good efficacy. We at Calando are excited to be working with two world-class medical centers on this first-of-its-kind clinical trial.”

The formulation to be investigated contains Calando’s proprietary delivery technology and utilizes RNA interference in cancer cells with an siRNA duplex targeting the M2 subunit of ribonucleotide reductase, a well-established cancer target. This duplex, developed at Calando, demonstrates potent anti-proliferative activity across multiple types of cancer both in vitro and in vivo. The nanoparticle formulation has human transferrin protein (Tf) targeting agents decorating the surface. The transferrin receptor has long been known to be up-regulated in a broad spectrum of cancer cell types, and Tf binding to this receptor triggers the uptake of nanoparticles by cancer cells and release of the siRNA payload.

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About Calando Pharmaceuticals Inc.

Calando Pharmaceuticals Inc. (www.calandopharma.com), a majority-owned subsidiary of Arrowhead Research (NASDAQ:ARWR), is using its proprietary technologies in targeted polymeric delivery systems and siRNA design to design and create new, targeted siRNA therapeutics. Small interfering RNAs (siRNA) induce RNA interference, or RNAi, a naturally occurring mechanism within cells to selectively silence and regulate specific genes. The ability to silence genes through RNAi could provide a new way to treat a wide range of human diseases. The company is pursuing this goal through its internal research and development and also through collaborations and partnerships with pharmaceutical and biotechnology companies.

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. 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.

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 latest Annual Report on Form 10-K, recent and forthcoming Quarterly Reports on Form 10-Q, recent Current Reports on Forms 8-K, 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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