

PRESS RELEASE  
January 17, 2007

ARROWHEAD SUBSIDIARY, INSERT THERAPEUTICS, SIGNS COLLABORATION AND  
OPTION AGREEMENT FOR POTENT ANTI-CANCER COMPOUND, TUBULYSIN

PASADENA, Calif.-January 17, 2007- Arrowhead Research Corporation (NASDAQ ARWR) announced today that its majority-owned subsidiary, Insert Therapeutics, Inc. has entered into a collaboration agreement with R&D-Biopharmaceuticals GmbH to develop and commercialize conjugates of the potent anti-cancer compound tubulysin with Insert's proprietary drug delivery system, Cyclosert™. The agreement provides a research license and an option for an exclusive license to develop and commercialize tubulysin-polymer conjugates.

"With this agreement, Insert has secured proprietary rights to one of the most potent anti-cancer compounds known," said Edward L. Jacobs, Insert's CEO and President. "The major challenge to its use as a cancer treatment has been toxicity. Linking tubulysin to Cyclosert could provide a fast track its use in humans."

Tubulysins are naturally occurring cytotoxins that prevent cell growth and division by destabilizing microtubules. Data resulting from R&D's research indicate that tubulysin derivatives will offer significant advantages over currently used cancer treatments. Tubulysins have been shown to be 100 to 1000 times more potent than currently used chemotherapeutics, to be highly effective among multi-drug resistant cell lines, and to be non-immunogenic. By combining tubulysins and/or their derivatives with Insert's Cyclosert, it is expected that toxicity will be limited and targeting to tumors will be improved.

"We are excited to be unveiling this first additional pipeline compound at Insert," said R. Bruce Stewart, Chairman of Arrowhead. "We expect to announce additional therapeutic candidates in the near future."

Under the terms of the collaboration, R&D will supply Insert with tubulysin technology and material. The two companies will work jointly on the synthesis of the conjugate after which Insert intends to perform the preclinical testing. The agreement includes an upfront fee to R&D, research funding by Insert to R&D, milestone payments on clinical development and approvals, and royalties on product sales.

Arrowhead has a 68% stake in Insert.

About Arrowhead Research Corporation

Arrowhead Research Corporation ([www.arrowheadresearch.com](http://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 Insert Therapeutics

Insert Therapeutics, Inc. ([www.insertt.com](http://www.insertt.com)) , a majority-owned subsidiary of Arrowhead Research Corporation (NASDAQ:ARWR), is using its proprietary, nano-engineered, polymeric delivery system, CycloSert™, to design, develop and commercialize delivery-enhanced small-molecule therapeutics and nucleic acids. CycloSert uses cyclodextrins as building blocks to create an entirely new class of biocompatible materials -- linear cyclodextrin-containing polymers that are nontoxic and nonimmunogenic at therapeutic doses. The company is pursuing this goal through its internal research and development and also through collaborations and partnerships with pharmaceutical and biotechnology companies.

#### About R&D Pharmaceuticals

R&D-Biopharmaceuticals GmbH is a private biotechnology company focusing on the pre-clinical development and the commercialisation of unique small molecules deriving from natural products for diseases with unmet medical need. The Company has exclusive access to the natural product class of the Tubulysins discovered by Prof. Höfle from the Helmholtz Centre for Infection Research in Germany and to other compound classes with promising potential for the treatment of cancer. The Company is pursuing a partnering strategy to fully exploit the value of its natural products.

#### 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 Statement 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.

Contact(s)

Virginia Dadey; Vice President, Investor Relations  
Telephone: 212.541.3707  
Email: [vdadey@arrowres.com](mailto:vdadey@arrowres.com)

Copyright 2006, Arrowhead Research Corporation

If you would like to be removed from Arrowhead's press release alert list, please contact us at [ir@arrowres.com](mailto:ir@arrowres.com).