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INSERT THERAPEUTICS SIGNS NEW PARTNERSHIP WITH R&D BIOPHARMACEUTICALS

Exclusive Licensing Agreement Will Apply Cycloset Transport System With Second Generation Epothilone Cancer Compounds

PASADENA, CA, March 1, 2007 — Arrowhead Research Corporation (ARWR) announced today that Insert Therapeutics, its majority-owned subsidiary, signed a definitive agreement with R&D Biopharmaceuticals in which it will acquire an exclusive, world-wide license to multiple second generation epothilone anticancer drugs. Insert will apply its proprietary Cycloset transport system to select second generation epothilones now in development at R&D.

Epothilones, despite their promise as potent anti-cancer drugs, have encountered clinical difficulties due to their toxic side effects in patients. Cycloset is the first nanoparticle drug transport platform to be designed de novo and synthesized specifically to overcome limitations in existing technologies used for the systemic transport of therapeutics to targeted sites within the body. Based on small cyclic repeating molecules of glucose called cyclodextrins, its application to these second generation epothilone drugs are expected to promote their ability to inhibit the growth of human cancer cells while remaining non-toxic and non-immunogenic at therapeutic doses. In particular, the system is designed to keep the drugs non-toxic until they actually reach the targeted tumor cells where active drug is released in a controlled fashion.

"This is a significant step for both Insert Therapeutics and cancer care delivery in general," said Edward Jacobs, Chief Executive Officer and President of Insert Therapeutics. "We hope this collaboration will allow a broader range of cancer patients to realize a potentially greater therapeutic effect from potent cancer drugs that may otherwise have been too toxic for them to receive."

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"We are excited about this strategic partnership with R&D-Biopharmaceuticals," said R. Bruce Stewart, Chairman of Arrowhead. "We expect to continue to enhance the overall effectiveness of cancer treatment with other therapeutic candidates in the future."

"The combination of the Cycloset technology has already demonstrated impressive effectiveness with other cytotoxics", Wolfgang Richter, Managing Director of R&D-Biopharmaceuticals added. "The collaboration with Insert Therapeutics is expected to fully leverage the potential of the new second generation epothilones."

Epothilones are naturally occurring microtubule depolymerisation inhibitors, which stop the growth of human cancer cells in vitro at nano or even subnanomolar concentrations. Their attractive preclinical profile has made epothilones important lead structures in the search for improved cytotoxic anticancer drugs. R&D will use its proprietary know-how to synthesize novel and proprietary epothilone derivatives, whose pharmaceutical profile will be evaluated in the relevant testing systems. Promising candidates showing the best profile will be considered for full preclinical development.

First generation epothilones are in clinical development by numerous pharmaceutical companies. Among the aims of second generation epothilone development is to optimize them for biological selectivity, stability, and water solubility. All of these properties have been shown to be effectively enhanced in other cytotoxic agents by use of the Cycloset transport system. The combination of a second generation epothilone with Cycloset should be highly competitive in this crowded field.

About Arrowhead Research Corporation

Arrowhead Research Corporation (www.arrowheadresearch.com) (NASDAQ:ARWR) 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., a majority-owned subsidiary of Arrowhead Research Corporation (NASDAQ:ARWR), is using its proprietary, nano-engineered, polymeric delivery system, Cycloset(TM), to design, develop and commercialize drug-delivery-enhanced small-molecule therapeutics and nucleic acids. Cycloset uses cyclodextrins as building blocks to create an entirely new class of biocompatible materials - linear cyclodextrin-containing polymers that are non-toxic and non-immunogenic 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 Biopharmaceuticals

R&D-Biopharmaceuticals GmbH is a private biotechnology company focusing on the pre-clinical development and the commercialisation of unique small molecules derived from natural products for diseases with unmet medical need. The Company has exclusive access to several classes of novel second generation epothilones discovered by own research and partners in Germany and to other natural product 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.

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

This news release contains forward-looking statements pertaining to the efficacy of second generation epothilone drugs and potential future collaborations, among other 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.