



PRESS RELEASE

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**ARROWHEAD ANNOUNCES ISSUANCE OF PATENT
ON SUBSIDIARY'S KEY TECHNOLOGY**

Pasadena, CA – August 16, 2006 – **Arrowhead Research Corporation (Nasdaq: ARWR)**, announced today that U.S. Patent No. 7,091,192, titled "Linear Cyclodextrin Copolymers" has been issued to the California Institute of Technology. The patent is exclusively licensed to Arrowhead's majority-owned subsidiary, Insert Therapeutics, a company commercializing delivery-enhanced therapeutics using a patented class of polymeric systems.

"Having strong patent protection is crucial to high tech companies, particularly those in the nanotech space," said R. Bruce Stewart, Arrowhead's Chairman. "Arrowhead will continue to aggressively build and protect our intellectual property rights."

This patent is the final U.S. Patent to issue from a series of three related applications covering the composition, method of preparation and methods of use of a new class of polymers for delivery of therapeutic compounds. These polymers, part of a family designated as Insert Therapeutics' proprietary Cyclosert™ technology platform, represent a significant advance in the use of cyclodextrins for delivery of therapeutic compounds.

Insert is currently using Cyclosert™ technology in its lead drug candidate, IT-101, an experimental drug being studied for the treatment of cancer in clinical trials at City of Hope Cancer Center in Duarte, CA. IT-101 is a conjugate of one of the Cyclosert™ polymers and the anti-cancer small molecule drug camptothecin.

"This patent represents the final piece of the foundation for Insert's extensive portfolio of patents and patent applications relating to its Cyclosert™ drug delivery systems," said John Petrovich, President of Insert. "It gives us substantial intellectual property protection for IT-101 and other product candidates that we are developing internally."

Insert has also licensed Cyclosert™ technology to its affiliate, Calando Pharmaceuticals, which is using another of the Cyclosert™ family of polymers to deliver siRNA duplexes in the area of RNA interference, a novel gene-silencing technology that may lead to an entire new class of therapeutics.

The patent also covers methods for adding modifiers to the polymer/drug complex to enhance its stability in the bloodstream and to provide targeted delivery to tissues or cells of interest. Other issued and allowed patents cover various means of adding modifier components to the polymer that aid the stability of the resulting polymer-drug nanoparticles *in vivo* and allow for the attachment of various targeting ligands.

The claims cover polymers containing repeating units of cyclodextrin molecules and various co-monomers, linked together in a linear chain. In contrast to other approaches that graft molecules onto a polymer, Cyclosert incorporates the cyclodextrin molecules into the polymer "backbone," resulting in a consistently replicable polymer. This feature has aided in scale-up and resulted in more consistent commercial manufacture. Insert's linear cyclodextrin-containing polymers can form complexes with compounds ranging in size from small molecule drugs to nucleic acids for improved drug delivery.

When combined with small molecule drugs, the Cyclosert polymers have been shown to significantly improve the solubility, stability, toxicity, efficacy and pharmacokinetic profiles of therapeutic compounds. Further, they can be designed to be neutral, positively charged or negatively charged and can be targeted with the attachment of cell surface receptor ligands. Unlike passive drug carriers, Cyclosert polymers respond to biological mechanisms and micro-environmental conditions. This enables controlled release of their drug payload into the targeted tumor cell or other selected tissues.

For more information about Insert, please visit the website at www.insertt.com.

About Arrowhead Research Corporation

Arrowhead Research Corporation 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.

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 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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