



PRESS RELEASE
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CALANDO PHARMACEUTICALS APPOINTS JEREMY D. HEIDEL AS CHIEF SCIENTIFIC OFFICER

Pasadena, CA – August 11, 2006 – **Calando Pharmaceuticals Inc.**, a majority-owned subsidiary of Arrowhead Research Corporation (NASDAQ: ARWR), today announced the appointment of Dr. Jeremy D. Heidel as Chief Scientific Officer and Vice President of Research and Development for the company. Heidel will work with Calando's management team to set the strategic direction of Calando's research and development functions and help drive its growth strategies in the emerging area of the therapeutic use of RNA interference, or "RNAi."

Dr. Heidel has been working with Calando's polymer delivery technology for over seven years and was the first to develop it for use in delivery of small interfering RNA (siRNA). He is an inventor of several series of patent applications and author of numerous articles and abstracts on this technology.

"Dr. Heidel brings impressive scientific experience to our leadership team," said John G. Petrovich, Chief Executive Officer of Calando. "We look forward to his leadership in developing RNAi therapeutics and his continued contributions to Calando's growth."

"Dr. Heidel is superbly qualified to lead Calando's scientific efforts as he has an intimate understanding of all aspects of systemic delivery of siRNA by synthetic polymers from the biology to the materials science," says Professor Mark Davis, a founder of Calando.

Heidel earned his bachelor's degrees in Chemical Engineering and Biology from MIT, where he conducted research in Dr. Robert Langer's lab, and his M.S. and Ph.D. degrees in Chemical Engineering from Caltech. Dr. Heidel performed his doctoral thesis research on targeted, systemic, non-viral delivery of siRNA in the laboratory of Dr. Mark Davis, Founding Scientist of Calando and inventor of Calando's linear cyclodextrin polymer delivery technology. He was the first to show that synthetic siRNA molecules do not elicit immune responses in animals. He has expertise in the areas of the synthesis and characterization of polymeric delivery vehicles and their formulations, the identification of siRNA target sites and the design of potent RNAi molecules, and the design and execution of in vitro and in vivo experiments to evaluate formulation efficacy.

About Calando Pharmaceuticals Inc.

Calando Pharmaceuticals Inc., a majority owned subsidiary of Arrowhead Research Corporation (NASDAQ: ARWR) is using its proprietary technologies in targeted polymeric delivery systems and siRNA design to design and create new, targeted siRNA therapeutics. The company is pursuing this goal through its internal research and development and also through collaborations and partnerships with pharmaceutical and biotechnology companies. For more information, visit www.calandopharma.com.

Calando Technology

Calando's cyclodextrin-containing polymers form the foundation for its two-part siRNA delivery system. The first component is a linear, cyclodextrin-containing polycation that, when mixed with small interfering RNA (siRNA), binds to the anionic "backbone" of the siRNA. The polymer and siRNA self-assemble into nanoparticles of approximately 50 nm diameter that fully protect the siRNA from nuclease degradation in serum. The siRNA delivery system has been designed for intravenous injection. Upon delivery to the target cell, the targeting ligand binds to membrane receptors on the cell surface and the RNA-containing nanoparticle is taken into the cell by endocytosis. There, chemistry built into the polymer functions to unpackage the siRNA from the delivery vehicle. In addition to targeting tumors, the targeting of liver cells has also been accomplished *in vivo*.

Forward-Looking Statements

This news release contains forward-looking statements as defined in the Securities Exchange Act of 1934 and is subject to the safe harbors created therein. The forward-looking statements contained herein include, but are not limited to, information regarding the anticipated applications of Calando's proprietary technologies and its use in delivery of siRNA design, as well as the ability of Calando to meet certain strategic objectives. These forward-looking statements involve risks and uncertainties that will influence Calando's success. Such risks and uncertainties include, but are not limited to risks associated with changes in the RNA synthesis market and risks associated with the development generally of Calando's research and development efforts and the company's overall strategic objectives. Forward-looking statements are based on the beliefs and assumptions of Calando's management and on currently available information. Calando undertakes no responsibility to publicly update or revise any forward-looking statement.

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