



PRESS RELEASE

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**Arrowhead Subsidiary Calando Pharmaceuticals Enters into
License Agreement with Cerulean Pharma Inc.**

- Calando To License Cyclosert™ Platform and Associated IT-101 Drug Candidate for Upfront Payment of \$2.4 Million, Milestone Payments and Royalties from Product Sales; Agreement Creates Substantial Potential Revenue Stream -

PASADENA, Calif. – June 23, 2009 – Arrowhead Research Corporation (NASDAQ: ARWR) today announced that its Calando Pharmaceuticals, Inc. subsidiary has entered into a worldwide license agreement with Cerulean Pharma Inc. for Calando’s drug delivery platform, Cyclosert™, and associated clinical stage anti-cancer drug, IT-101. The agreement is part of Calando’s strategy to minimize its burn rate while retaining upside exposure via partnerships with high quality companies that will continue the development of Calando’s platforms and drug candidates. Importantly, this agreement does not include rights to develop and commercialize RNAi products or the clinical-stage RNAi candidate, CALAA-01, both of which Calando intends to partner separately.

Under the terms of the agreement, Cerulean made an upfront payment of \$2.4 million to Calando and will make development milestone payments of up to \$2.75 million if IT-101 progresses through clinical trials and receives marketing approval. If approved, Calando is also entitled to receive up to an additional \$30 million in sales milestone payments, plus royalties on net sales.

As a platform delivery system, Cyclosert™ may be utilized to generate a very large number of new drugs in addition to IT-101, and under the agreement with Cerulean, Calando will participate in any potential upside related to the development of other drugs using the delivery platform. For *each* new drug candidate that Cerulean is able to bring to market utilizing the Cyclosert™ system, Calando will be entitled to \$3 million in development milestone payments.

Once these products reach the market, Calando could potentially receive an additional \$15 million in sales milestone payments, plus royalties on net sales.

Commenting on the partnership, Dr. Christopher Anzalone, Arrowhead's President and Chief Executive Officer, stated, "We strongly believe in IT-101 and the Cyclosert™ platform, and this transaction goes a long way toward achieving our dual strategy of decreasing costs *while* working to monetize these potentially powerful assets. We believe that Cerulean will be a terrific partner given its focus on nanoparticle-based drugs, strong financial position, and high quality management team. We look forward to our mutual future success."

"Calando's cyclodextrin co-polymer based technology is founded on elegant chemistry, and the integration of this platform into our program fully leverages the expertise and capabilities that we have built," said Dr. Oliver Fetzer, President and Chief Executive Officer of Cerulean. "We look forward to applying the technology against a range of product opportunities, as well as further advancing IT-101 in the clinic."

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About Arrowhead Research Corporation

Arrowhead Research Corporation (www.arrowheadresearch.com) (NASDAQ: ARWR) is a nanotechnology company commercializing new technologies in the areas of life sciences, electronics, and energy. Arrowhead is seeking to build value for shareholders through the progress of majority owned subsidiaries. Currently, Arrowhead has four subsidiaries commercializing nanotech products and applications and minority investments in two privately held nanobiotech companies.

About Calando Pharmaceuticals Inc.

Calando Pharmaceuticals Inc. (www.calandopharma.com), a majority-owned subsidiary of Arrowhead Research Corporation (NASDAQ: ARWR), has developed proprietary technologies to create targeted siRNA-based therapeutics and small molecule nanoparticle drug conjugates. Calando's innovative Cyclosert™ and RONDEL™ nanoparticle systems have been designed to solve the long-standing obstacle of effective delivery and targeting for oligonucleotide and small molecule therapeutics. Calando has developed two clinical stage drug candidates for the treatment of cancer.

About Cerulean Pharma Inc.

Cerulean Pharma Inc. is a privately-held biopharmaceutical company focused on the development of novel, nanotechnology-based therapeutics in the areas of oncology, cardiovascular, autoimmune and inflammatory diseases. The Company has assembled a world-class management team, board of directors and scientific advisory board that collectively have a significant track record of business building, product development and scientific breakthroughs from companies and institutions such as Millennium Pharmaceuticals, Pfizer, GlaxoSmithKline, the Massachusetts Institute of Technology, Harvard Medical School, MD Anderson, Fox Chase Cancer Center and the Arizona Health Center. The company has been funded by leading investors Polaris Venture Partners, Venrock, Lux Capital, Bessemer Venture Partners, Alexandria Real Estate Equities, and William H. Rastetter. Cerulean is located in Cambridge, Massachusetts. For more information, please visit the company's website at www.ceruleanrx.com.

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, capital resources available to us, 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. For example, there can be no assurance that IT-101 will successfully advance through clinical trials or that Arrowhead will receive any of the future milestone or royalty payments that are described in this release. Similarly, there can be no assurance that other drugs will be successfully developed using the Cycloset™ platform. It is possible that Arrowhead could receive no additional payments or revenues from this arrangement beyond the upfront payment described above. Our most recent Annual Report on Form 10-K, as amended, and subsequent Quarterly Reports on Form 10-Q and other SEC filings discuss some of the important risk factors that may affect our business, results of operations and financial condition, including the risks relating to the development of new drug candidates. We disclaim any intent to revise or update publicly any forward-looking statements for any reason.