

ARROWHEAD RESEARCH CORP  
Form 4  
March 22, 2007

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
KNOTT DAVID M

2. Issuer Name and Ticker or Trading Symbol  
ARROWHEAD RESEARCH CORP  
[ARWR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction  
(Month/Day/Year)

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
 10% Owner  
\_\_\_\_ Other (specify below)

485 UNDERHILL BLVD, STE 205

03/21/2007

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

SYOSSET, NY 11791-3419

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	03/21/2007		S		24,200	D	\$ 3.8084
					728,600	I	
Common Stock					4,300	I	
Common Stock	03/21/2007		S		49,400	D	\$ 3.8084
					1,764,231	I	

By Shoshone Partners, L.P. (1) (3)

By Mulsanne Partners, L.P. (1) (3)

By Knott Partners Offshore Master

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Common Stock	03/21/2007	S	7,800	D	\$ 3.8084	241,578	I	Fund, L.P. <u>(1)</u> <u>(3)</u> By Managed Accounts <u>(2)</u> <u>(3)</u>
Common Stock	03/21/2007	S	52,300	D	\$ 3.8084	1,241,800	I	By Knott Partners, L.P. <u>(1)</u> <u>(3)</u>
Common Stock	03/21/2007	S	21,200	D	\$ 3.8197	707,400	I	By Shoshone Partners, L.P. <u>(1)</u> <u>(3)</u>
Common Stock	03/21/2007	S	43,450	D	\$ 3.8197	1,720,781	I	By Knott Partners Offshore Master Fund, L.P. <u>(1)</u> <u>(3)</u>
Common Stock	03/21/2007	S	6,800	D	\$ 3.8197	234,778	I	By Managed Accounts <u>(2)</u> <u>(3)</u>
Common Stock	03/21/2007	S	45,800	D	\$ 3.8197	1,196,000	I	By Knott Partners, L.P. <u>(1)</u> <u>(3)</u>
Common Stock	03/21/2007	S	210,100	D	\$ 3.8	497,300	I	By Shoshone Partners, L.P. <u>(1)</u> <u>(3)</u>
Common Stock	03/21/2007	S	428,500	D	\$ 3.8	1,292,281	I	By Knott Partners Offshore Master Fund, L.P. <u>(1)</u> <u>(3)</u>
Common Stock	03/21/2007	S	68,000	D	\$ 3.8	166,778	I	By Managed Accounts <u>(2)</u> <u>(3)</u>
Common Stock	03/21/2007	S	453,400	D	\$ 3.8	742,600	I	By Knott Partners, L.P. <u>(1)</u> <u>(3)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KNOTT DAVID M 485 UNDERHILL BLVD STE 205 SYOSSET, NY 11791-3419		X		

## Signatures

/s/ David M. Knott 03/22/2007

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The Reporting Person is the managing member of Knott Partners Management, LLC, which is (i) the sole general partner of Shoshone Partners, L.P., Knott Partners Offshore Master Fund, L.P. and Mulsanne Partners, L.P., and (ii) the managing general partner of Knott Partners, L.P. The Reporting Person is also a general partner of Knott Partners, L.P.
  - (2) The entry represents securities of the issuer held by managed accounts for which Dorset Management Corporation provides investment management services (the "Managed Accounts").
  - (3) As a result of the Reporting Person's interests in Knott Partners Management, LLC and in Dorset Management Corporation, the Reporting Person has investment discretion and control of the securities represented in this entry. The Reporting Person may be deemed to beneficially own an indirect pecuniary interest in the securities represented in this entry as a result of its performance-related fee. Except

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with respect to Shoshone Partners, L.P. and Knott Partners, L.P., in which the Reporting Person owns a beneficial interest, the Reporting Person disclaims beneficial ownership therein except to the extent ultimately realized. Each of Shoshone Partners, L.P., Mulsanne Partners, L.P., Knott Partners Offshore Master Fund, L.P., Knott Partners, L.P. and the Managed Accounts disclaims beneficial ownership of securities reported as owned by any other party.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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