

*May 6, 2013***Arrowhead Research (Nasdaq/ARWR/Buy/\$2.08)**

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1) Arrowhead Research (Nasdaq/ARWR/Buy/\$2.08) – Arrowhead Research announced this morning that the Company closed its \$36 million private offering of common and convertible preferred stock last Friday, May 3rd. The new financing was led by existing shareholders RA Capital, Sabby Capital, Sphera Global Healthcare Fund and Jim Mellon, and also included new institutional investors Camber Capital, Special Situations Fund, and Aquilo Capital. The new funding is expected to allow Arrowhead to accelerate its R&D pipeline, including:

- A) Initiating Phase 1 studies with its chronic hepatitis B candidate ARC-520 in healthy volunteers this summer;
- B) Completing a regulatory filing later this year for a Phase 2a study in chronic HBV patients; and
- C) Initiating a Phase 2b multi-dose study in the second half of 2014.

Separately, Arrowhead announced that the Company would be releasing financial results for their Q1/2013 quarter on Thursday, May 9th and hold a conference call at 4:30 pm EST. Dial-in # for the call is 877-317-6789. We are maintaining our Buy rating on ARWR shares and \$4 price target. (For further detail on our stock valuation please refer to our Initiation Report dated February 26, 2013). **RMW**

Morning Notes provide current information we believe might be noteworthy to investors regarding the subject companies. Morning Notes are not intended to be complete research reports. More detailed information concerning the rated companies referenced in this Note, including the full reports, basis for price targets and other disclosures, may be found at:

<http://www.DawsonJames.com/portal.html>.

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Ratings Definitions:

- 1) **Buy:** the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	14	88%	8	57%
Market Perform (Neutral)	2	13%	1	50%
Market Underperform (Sell)	0	0%	0	0%
Total	16	100%	9	56%

Analyst Certification:

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