

May 13, 2013

**Arrowhead Research (Nasdaq/ARWR/Buy/\$2.27)**

---

*Robert M. Wasserman*

Director of Research

561-208-2905

[rwasserman@dawsonjames.com](mailto:rwasserman@dawsonjames.com)

1) **Arrowhead Research (Nasdaq/ARWR/Buy/\$2.27)** – Arrowhead Research released this morning their scheduled upcoming appearances at scientific conferences, including:

- **15<sup>th</sup> Annual North American TIDES Conference, May 12-15** in Boston – Two oral presentations will be presented, including “Development of DPC Technology for Therapeutic siRNA Delivery” by Dr. David Lewis, VP Biology at Arrowhead, and “Co-injection of a Targeted, Reversibly Masked Endosomolytic Polymer Dramatically Improves the Efficacy of Small Interfering RNA-Conjugates In Vivo” by Dr. David Rozema, VP Chemistry at Arrowhead. TIDES focuses on research and commercialization of Oligonucleotide and Peptide therapeutics.
- **Digestive Disease Week, May 18-21 in Orlando** – Dr. Christine Wooddell, Senior Scientist at Arrowhead will present a poster entitled “Long duration of effect from an RNAi therapeutic to treat chronic hepatitis B virus infection correlates with persistence of the phosphorylated guide strand”. Digestive Disease Week (DDW) is the world's leading educational forum for academicians, clinicians, researchers, students and trainees working in gastroenterology, hepatology, GI endoscopy, gastrointestinal surgery and related fields.

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>.

**Important Disclosures:**

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the profiled company. The Firm has received investment banking compensation from the company (ARWR) profiled in this report and may seek compensation for investment banking services in the future from the profiled company. The Firm has not received other compensation from the profiled company(s) in the last 12 months.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the company(s) in this report and may increase or decrease holdings in the future. As of April 30, 2013, the firm as a whole, however, did not beneficially own 1% or more of any class of common equity securities of the subject company(s).

The Firm, its officers, directors, analysts or employees may effect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the companies subject to this report. The Firm may effect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

**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:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.