

*April 30, 2013***Arrowhead Research (Nasdaq/ARWR/Buy/\$1.82)***Robert M. Wasserman*

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1) Arrowhead Research (Nasdaq/ARWR/Buy/\$1.82) – Arrowhead Research announced this morning that the Company has priced a private offering with expected gross proceeds of \$36.1 million. The offering, expected to close on or about May 3rd, includes \$26.2 million in common equity and \$9.9 million in series B convertible preferred stock, or a total of 19.7 million common shares, both priced at the equivalent of \$1.83 per share. At current operating run rates the proceeds would provide approximately two years of operating capital for the Company, even without the receipt of any future potential royalty, partnership or discovery service contract revenues. 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**

2) Transition Therapeutics (Nasdaq/TTHI/Not Rated/\$2.25) – This morning Transition Therapeutics announced positive results of a five-week proof of concept clinical study using its dual-agonist GLP-1 peptide TT-401 in type 2 diabetic and obese non-diabetic subjects. In the study, TT-401 was administered once-weekly and demonstrated significant improvements in glycemic control and reductions in body weight, including statistically significant reductions in mean fasting plasma glucose levels relative to placebo and statistically significant reduction in mean body weight relative to baseline. Transition management further stated that the data from this proof-of-concept study support a clear development path to a larger Phase 2 efficacy study for TT-401. In March 2010, Transition entered into a licensing and collaboration agreement with Eli Lilly (NYSE/LLY/Not Rated) related to TT-401 and other pre-clinical compounds. TTHI shares are not rated at this time. **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)	12	75%	8	67%
Market Perform (Neutral)	4	25%	1	25%
Market Underperform (Sell)	0	0%	0	0%
Total	16	100%	9	56%

Analyst Certification:

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