

*May 7, 2013***Arrowhead Research (Nasdaq/ARWR/Buy/\$2.01)***Robert M. Wasserman*

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1) Arrowhead Research (Nasdaq/ARWR/Buy/\$2.01) – Arrowhead Research announced this morning the receipt of a patent allowance from the US Patent and Trademark Office for its DPC siRNA Delivery System with peptide backbone. The US Patent Application Number 13/326,433 entitled “Peptide-Based In Vivo siRNA Delivery System” relates to claims allowed to protect the use of targeted melittin or melittin-like peptides to facilitate the delivery of siRNA conjugates to hepatocytes. Among other areas, this new patent covers through 2031 the composition of Arrowhead’s Dynamic Polyconjugate, or DPC, delivery system used in the Company’s ARC-520 therapeutic candidate against chronic hepatitis B. 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/\$3.03) – Transition Therapeutics will announce their financial results for Q1/2013 this afternoon after the market closes and hold a management conference call at 4:30 pm EST. Dial-in # is 1-800-406-9725. Key issues for the Company relate to R&D plans for the remainder of the year, including proposed development path for TT-401’s Phase 2 trial for diabetes and obesity and the potential role of Eli Lilly (NYSE/LLY/Not Rated) related to TT-401. 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:

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- 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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