

ARROWHEAD RESEARCH CORP

Form 4

August 18, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(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)
485 UNDERHILL BLVD, SUITE
205

3. Date of Earliest Transaction
(Month/Day/Year)
08/16/2006

____ Director ____X____ 10% Owner
____ Officer (give title below) ____ Other (specify below)

(Street)
SYOSSET, NY 11791

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

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

(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, \$0.001 par value per share	08/16/2006		P		4,500	A	\$ 4.88	44,800	I	By Finderne LLC (formerly, Anno, L.P.) <u>(1)</u>
Common Stock, \$0.001 par value per share	08/16/2006		P		74,450	A	\$ 4.88	1,813,631	I	By Matterhorn Offshore Fund Limited <u>(1)</u>
	08/16/2006		P		19,000	A		752,800	I	

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Common Stock, \$0.001 par value per share					\$ 4.88			By Shoshone Partners, LP (1)
Common Stock, \$0.001 par value per share	08/16/2006	P	4,300	A	\$ 4.88	4,300	I	By Mulsanne Partners LP (1)

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

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SEC 1474
(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. Nu Deriv Secur Bene Own Follo Repor Trans (Instr
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Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
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Reporting Owners

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

Signatures

David M. Knott 08/16/2006

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).

The Reporting Person is the managing member of Knott Partners Management, LLC, which is the general partner of Shoshone Partners, L.P. and Knott Partners, L.P. In addition, the Reporting Person is the sole shareholder, director and president of Dorset Management Corporation, which provides investment management services to those entities listed in Table I(7). As a result of the Reporting Person's

- (1) interests in Knott Partners Management, LLC and Dorset Management Corporation, the Reporting Person has investment discretion and control in the securities in Table I(5). The Reporting Person may be deemed to beneficially own indirect pecuniary interest in securities in Table I(5) as a result of a performance related fee. The Reporting Person disclaims beneficial ownership therein except to the extent ultimately realized.

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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