

ARROWHEAD RESEARCH CORP
 Form 4
 August 18, 2006

FORM 4

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

OMB APPROVAL

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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

(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
 (Street)

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

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

SYOSSET, NY 11791

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 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.) ⁽¹⁾
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 ⁽¹⁾
	08/16/2006		P		19,000	A		752,800	I	

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.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.