

KNOTT DAVID M
Form 4
March 20, 2007

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, STE 205

3. Date of Earliest Transaction
(Month/Day/Year)
03/19/2007

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

(Street)
SYOSSET, NY 11791-3419

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|------------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock | | | | | 752,800 | I | By Shoshone Partners, L.P. (1) (3) |
| Common Stock | | | | | 4,300 | I | By Mulsanne Partners, L.P. (1) (3) |
| Common Stock | | | | | 1,813,631 | I | By Knott Partners Offshore Master |

| | | | | | | | | Fund, L.P. <u>(1)</u> <u>(3)</u> | |
|--------------|------------|--|---|-------|---|---------|-----------|-------------------------------------|---|
| Common Stock | 03/19/2007 | | S | 340 | D | \$ 3.93 | 249,378 | I | By Managed Accounts <u>(2)</u> <u>(3)</u> |
| Common Stock | 03/19/2007 | | S | 9,600 | D | \$ 3.93 | 1,294,100 | I | By Knott Partners, L.P. <u>(1)</u> <u>(3)</u> |

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

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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. Number of Derivative Securities Owned Following Reporting Date (Instr. 6) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| KNOTT DAVID M 485 UNDERHILL BLVD STE 205 SYOSSET, NY 11791-3419 | | | X | |

Signatures

/s/ David M.
Knott

03/20/2007

Date

__Signature of
Reporting Person

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 (i) the sole general partner of Shoshone Partners, L.P., Knott Partners Offshore Master Fund, L.P. and Mulsanne Partners, L.P., and (ii) the managing general partner of Knott Partners, L.P. The Reporting Person is also a general partner of Knott Partners, L.P.
- (1) Partners, L.P., Knott Partners Offshore Master Fund, L.P. and Mulsanne Partners, L.P., and (ii) the managing general partner of Knott Partners, L.P. The Reporting Person is also a general partner of Knott Partners, L.P.
 - (2) The entry represents securities of the issuer held by managed accounts for which Dorset Management Corporation provides investment management services (the "Managed Accounts").

- As a result of the Reporting Person's interests in Knott Partners Management, LLC and in Dorset Management Corporation, the Reporting Person has investment discretion and control of the securities represented in this entry. The Reporting Person may be deemed to beneficially own an indirect pecuniary interest in the securities represented in this entry as a result of its performance-related fee. Except
- (3) with respect to Shoshone Partners, L.P. and Knott Partners, L.P., in which the Reporting Person owns a beneficial interest, the Reporting Person disclaims beneficial ownership therein except to the extent ultimately realized. Each of Shoshone Partners, L.P., Mulsanne Partners, L.P., Knott Partners Offshore Master Fund, L.P., Knott Partners, L.P. and the Managed Accounts disclaims beneficial ownership of securities reported as owned by any other party.

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.