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pSivida generates up to A\$82m from licensing amendment with Alimera

ATLANTA / BOSTON, March 17, 2008 - Alimera Sciences and pSivida Ltd (NASDAQ:PSDV, ASX:PSD, Xetra:PSI) today announced that they have amended their license and collaboration agreement relating to Medidur™ FA, the company's Phase III investigative treatment for diabetic macular edema (DME), and other Medidur products. Alimera is increasing its equity in the future profits of Medidur FA from 50 to 80 percent in exchange for consideration of up to approximately A\$82m (US\$78m) to pSivida. Consideration to pSivida includes an up-front payment of A\$13m (US\$12m), a A\$26m (US\$25m) milestone payment upon FDA approval of Medidur™ FA, other payments of up to approximately A\$22m (US\$21m) by September 30, 2012, and assumption of pSivida's research and development funding obligations estimated at approximately A\$21m (US\$20m).

"We are very pleased with this agreement as it provides us with the opportunity to increase our stake and consolidate the development and commercialization of our late stage DME product Medidur FA," said Dan Myers, President and CEO of Alimera Sciences. "In addition, we will further advance the delivery system's application in other serious ophthalmic conditions like dry age-related macular degeneration (AMD), using exploratory treatments such as the groundbreaking work we are doing around NADPH oxidase inhibitors."

"We believe this is a great deal for pSivida and its shareholders as it gives the company a significant financial interest in very exciting products and economics that eliminate our need for equity financing for the foreseeable future under our current plans," said pSivida Managing Director, Dr. Paul Ashton. "This new agreement with Alimera Sciences is expected to significantly reduce our burn rate going forward as the Company's two lead ophthalmology programs in development are now funded by our partners."

Diabetic retinopathy (DR), a complication of diabetes mellitus, is the leading cause of blindness in the working-age population of developed countries. At any time during progression of diabetic retinopathy, patients can develop DME, which involves retinal thickening of the macular area. In the United States, as many as 200,000 people are diagnosed with DME each year and an estimated 1,000,000 people suffer from DME. Currently there are no FDA approved drug treatments for DME.

About Alimera Sciences Inc.

Alimera Sciences Inc. is singularly focused on the development and commercialization of prescription ophthalmology pharmaceuticals. Founded by an executive team with extensive development and revenue growth expertise, Alimera Sciences' products are focused on 10961185_2.DOC improving the delivery of therapeutic agents to enhance patients' lives and strengthen physicians' ability to manage ocular conditions.

Alimera completed enrollment in October 2007 of its 956-patient Phase III clinical trial of fluocinolone acetonide in the Medidur™ drug delivery system for the treatment of diabetic macular edema. Alimera has also entered into an exclusive worldwide agreement with Emory University to explore oxidative stress management -- specifically the reduction of reactive oxygen species (ROS) -- as a treatment for ophthalmic diseases. The agreement gives Alimera the exclusive option to license compounds which are NADPH (nicotinamide adenine dinucleotide phosphate reduced form) oxidase inhibitors as potential treatments for conditions such as the dry form of age-related macular degeneration (AMD), particularly the late stage of this condition known as geographic atrophy. Alimera retains the right to use the Medidur delivery system for two of these compounds.

About pSivida Limited

pSivida is a global drug delivery company committed to the biomedical sector and the development of drug delivery products. Retisert® is FDA approved for the treatment of uveitis. Vitrasert® is FDA approved for the treatment of AIDS-related CMV Retinitis. Bausch & Lomb owns the trademarks Vitrasert® and Retisert®. pSivida has licensed the technologies underlying both of these products to Bausch & Lomb. The technology underlying Medidur™ for diabetic macular edema is licensed to Alimera Sciences and is in Phase III clinical trials. pSivida has a worldwide collaborative research and license agreement with Pfizer Inc. for other ophthalmic applications of the Medidur™ technology (excluding FA).

pSivida owns the rights to develop and commercialize a modified form of silicon (porosified or nano-structured silicon) known as BioSilicon™, which has applications in drug delivery, wound healing, orthopedics, and tissue engineering. The most advanced BioSilicon™ product, BrachySil™ delivers a therapeutic, P32 directly to solid tumors and is presently in Phase II clinical trial the treatment of pancreatic cancer.

pSivida's intellectual property portfolio consists of 64 patent families, 113 granted patents, including patents accepted for issuance, and over 280 patent applications. pSivida conducts its operations from Boston in the United States, Malvern in the United Kingdom and Perth in Australia.

pSivida is listed on NASDAQ (PSDV), the Australian Stock Exchange (PSD) and on the Frankfurt Stock Exchange on the XETRA system (PSI). pSivida is a founding member of the NASDAQ Health Care Index and the Merrill Lynch Nanotechnology Index.

SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Various statements made in this release are forward-looking and involve a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements: achievement of milestones and other contingent contractual payment events; failure to prove efficacy for BrachySil; inability to raise capital; continued losses and lack of profitability; inability to develop or obtain regulatory approval for new products; inability to protect intellectual property or infringement of others' intellectual property; inability to obtain partners to develop and market products; termination of license agreements; competition; inability to pay any registration penalties; costs of international business operations; manufacturing problems; insufficient third-party reimbursement for products; failure to retain key personnel; product liability; inability to manage change; failure to comply with laws; failure to achieve and maintain effective internal control over financial reporting; amortization or impairment of intangibles; issues relating to Australian incorporation; potential delisting from ASX or 10961185_2.DOC NASDAQ; possible dilution through exercise of outstanding warrants and stock options or future stock issuances; potential restrictions from capital raises; possible influence by Pfizer; and other factors that may be described in our filings with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We do not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.