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pSivida Corp. Receives $25 Million Milestone Payment

Planned Operations Funded into 2017

WATERTOWN, Mass.--(BUSINESS WIRE)-- pSivida Corp. (NASDAQ:PSDV, ASX:PVA), a leader in the development of sustained release, drug delivery products for treating eye diseases, today announced that it has received the $25 million milestone payment under its out-license of ILUVIEN® for the treatment of diabetic macular edema (DME). The milestone was earned on the approval of ILUVIEN by the U.S. Food and Drug Administration (FDA).

"This milestone payment together with our cash on hand should fund our planned product development and other operations into calendar 2017. In addition, we will receive 20% of any net profits from sales of ILUVIEN for DME on a country-by-country basis as well as royalties on sales of Retisert," said Dr. Paul Ashton, Ph.D., President and CEO of pSivida Corp.

"Our lead product candidate, Medidur™ for the treatment of chronic posterior uveitis, uses the same micro-insert delivering the same drug as ILUVIEN. Medidur is currently being studied in a pivotal Phase III clinical trial. If the FDA concurs, we plan to file a New Drug Application for Medidur based on data from this single trial, together with supplementary data from a study of our proprietary inserter. Our pre-clinical research is focused on use of our Tethadur™ and Durasert™ platform technologies to deliver biologics to the eye and systemically and to treat wet and dry age-related macular degeneration, glaucoma and other retinal diseases and osteoarthritis," continued Dr. Ashton.

About pSivida Corp.

pSivida Corp., headquartered in Watertown, MA, is a leader in the development of sustained release, drug delivery products for treating eye diseases. pSivida is currently focused on treatment of chronic diseases of the back of the eye utilizing its core technology systems, Durasert™ and Tethadur™. pSivida's lead product candidate, Medidur™ for treatment of the chroni back-of-the-eye disease posterior uveitis, is in a pivotal Phase III clinical trial. Medidur uses the same injectable, sustained release micro-insert as ILUVIEN® for the treatment of DME. ILUVIEN, licensed to Alimera Sciences, is marketed in the U.K. and Germany and has received or is pending marketing authorization in 15 other EU countries for the treatment of chronic DME considered insufficiently responsive to available therapies. In the U.S., ILUVIEN has been approved for the treatment of DME in patients who have been previously treated with a course of corticosteroids and did not have a clinically significant rise in intraocular pressure. pSivida's FDA-approved Retisert®, an implant that provides long-term, sustained drug delivery to treat posterior uveitis, is licensed to and sold by Bausch & Lomb Incorporated. pSivida's pre-clinical research is focused on ocular and systemic delivery of biologics and treatment of wet and dry age-related macular degeneration, osteoarthritis and glaucoma.

SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Various statements made in this release are forward-looking, and are inherently subject to risks, uncertainties and potentially inaccurate assumptions. 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 anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements: changes in actual capital requirements to 2017; Alimera's ability to finance, achieve additional marketing approvals, obtain adequate pricing and reimbursement for, successfully commercialize and achieve market acceptance of, and generate revenues to pSivida from, ILUVIEN; FDA requirements with respect to clinical trial data necessary to support an NDA for Medidur; pSivida's ability to finance, complete and achieve a successful clinical outcome, file and achieve marketing approvals for, Medidur for posterior uveitis; ability of Tethadur to successfully deliver large biologic molecules; ability to develop product candidates and products and potential related collaborations; initiation and completion of clinical trials and obtaining regulatory approval of product candidates; level of continued sales of Retisert; adverse side effects; ability to attain profitability; ability to obtain additional capital; further impairment of intangible assets; fluctuations in operating results; decline in royalty income; ability to, and to find partners to, develop and market products; termination of license agreements; competition and other developments affecting sales of products; market acceptance; protection of intellectual property and avoiding intellectual property infringement; retention of key personnel; product liability; consolidation in the pharmaceutical and biotechnology industries; compliance with environmental laws; manufacturing risks; risks and costs of international business operations; credit and financial market conditions; legislative or regulatory changes; volatility of stock price; possible dilution; absence of dividends; and other factors described in our filings with the SEC. Given these uncertainties, readers are cautioned not to place undue

reliance on such forward-looking statements. Should known or unknown risks materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected in the forward-looking statements. Our forward-looking statements speak only as of the dates on which they are made. We do not undertake any obligation to publicly update or revise our forward-looking statements even if experience or future changes makes it clear that any projected results expressed or implied in such statements will not be realized.

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The President's Blog: http://www.thechairmansblog.com/paul-ashton

For more information on pSivida, visit www.psivida.com.

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