



February 20, 2008

pSivida receives first R&D payments from Pfizer

Boston, MA and Perth, Australia (February 20, 2008) – pSivida Limited (NASDAQ:PSDV, ASX:PSD, Xetra:PSI) today announced the receipt of US\$500k as the first quarterly research and development payment from Pfizer under the terms of the exclusive worldwide Collaborative Research and License Agreement signed in April 2007 for pSivida's controlled drug delivery technologies in ophthalmic applications.

Over the last 10 months pSivida has received US\$12m from Pfizer, including equity investments, under the terms of that agreement and will receive up to an additional US\$153.5m in development and sales related milestones. Pfizer is the largest shareholder in Company holding approximately 10% of the outstanding shares.

"We are very pleased that the Pfizer licensing agreement is proceeding as expected," said pSivida's Managing Director, Dr Paul Ashton.

Released by:

pSivida Limited
Brian Leedman
Vice President, Investor Relations
pSivida Limited
Tel: + 61 (0) 412 281 780
bleedman@psivida.com

US Public Relations
Beverly Jedynek
President
Martin E. Janis & Company, Inc
Tel: +1 (312) 943 1100 ext. 12
bjedynek@janispr.com

European Public Relations
Eva Reuter
Accent Marketing Limited
Tel: +49 (254) 393 0740
e.reuter@dr-reuter.eu

NOTES TO EDITORS:

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.

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 for 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 300 patent applications. pSivida conducts its operations from facilities near 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: 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 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 forwardlooking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.