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## **pSivida New Evaluation for Cardiovascular Drug Delivery**

Watertown, MA (December 16, 2008) - Drug delivery company pSivida Corp. (NASDAQ: PSDV, ASX: PVA, FF: PV3) has entered into a technology evaluation agreement to evaluate cardiovascular delivery of drugs using pSivida's drug delivery technologies. This is pSivida's first cardiovascular application as the company is mostly known for its ocular drug delivery. This evaluation is being funded by an undisclosed large global medical device company. pSivida has received over \$500,000 from the company for this and preceding related evaluation agreements.

pSivida's lead development stage product Medidur™ FA (to be marketed as Iluvien™) is in pivotal Phase III clinical trials treating diabetic macular edema (DME), a potentially blinding disease that affects over 1 000,000 people in the US. Medidur is a tiny injectable device that delivers the drug fluocinolone acetonide (FA), a corticosteroid, for up to three years after being injected into the vitreous of the eye. This program is fully funded by pSivida's partner Alimera Sciences. Alimera is conducting the Phase III clinical trials. The trials were fully enrolled over a year ago and filing for FDA approval is planned in early calendar 2010 with two year data.

Managing director Dr Paul Ashton said, "There is strong interest from companies wanting to evaluate our drug delivery technologies in areas beyond ophthalmology."

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About pSivida Corp.

pSivida is a drug delivery company committed to the biomedical sector, with a primary focus on ophthalmology and oncology. pSivida has two products approved by the Food and Drug Administration (FDA): Retisert® for the treatment of uveitis and Vitrasert® for the treatment of AIDS-related cytomegalovirus (CMV) retinitis. pSivida has licensed both of these products and the technologies underlying them to Bausch & Lomb Incorporated. pSivida has one product in fully recruited Phase III clinical trials: Iluvien™, which delivers fluocinolone acetonide (FA) for the treatment of diabetic macular edema (DME), formerly known as Medidur FA for DME. pSivida has licensed certain drug delivery technology to Alimera Sciences, Inc. for the development of Iluvien and certain other ophthalmic products. pSivida has a worldwide collaborative research and license agreement with Pfizer Inc. under which Pfizer may develop additional ophthalmic products.

pSivida owns the rights to develop and commercialize a modified form of silicon known as BioSilicon™, which has potential therapeutic applications. The most advanced BioSilicon product candidate, BrachySil™, delivers a therapeutic P32, a radioactive form of phosphorus used to treat cancer, directly to solid tumors. pSivida recently completed an initial safety and efficacy clinical trial of BrachySil for the treatment of pancreatic cancer and has commenced a dose-ranging clinical trial.

pSivida's intellectual property portfolio consists of 64 patent families, 122 granted patents, including patents accepted for issuance, and 282 patent applications. pSivida conducts its operations from Boston in the United States and Malvern in the United Kingdom.

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: maintaining key collaboration agreements with Alimera and Pfizer; uncertainties regarding the achievement of milestones and other contingent contractual payment events; failure to prove safety and efficacy of Iluvien or BrachySil; inability to raise capital; continued losses and lack of profitability; inability to derive revenue from Retisert; termination of license agreements; inability to pay any registration penalties; 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; competition; risks and costs of international business operations; manufacturing problems; insufficient third-party reimbursement for products; failure to retain key personnel; product liability; failure to comply with laws; failure to achieve and maintain effective internal control over financial reporting; impairment of intangibles; volatility of stock price; possible dilution through exercise of outstanding warrants and stock options or future stock issuances; 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.