June 15, 2009

Two Newly-Published Scientific Papers Showed That the Steroid Used in Company's Iluvien Device Acted as Both a VEGF Inhibitor and Neuroprotectant

Potential Additional Eye Disease Treatment Applications for the Company's Iluvien Product

BOSTON--(BUSINESS WIRE)--Jun. 15, 2009-- pSivida Corp. (NASDAQ:PSDV)(ASX:PVA), a leading drug delivery company, today announced that two newly-published peer reviewed scientific papers showed that Fluocinolone acetonide (FA) both inhibited VEGF production and protected retinal cells and function. These findings support expanding the treatment indications for the company's lead product, Iluvien, a miniaturized, injectable, sustained-release drug delivery system that releases FA directly into the eye. Iluvien is licensed to Alimera Sciences, of Alpharetta, Georgia and is in Phase III clinical trials for the treatment of Diabetic Macular Edema. Initial data from the 950-patient trials are expected to be reported by the end of the year, with an NDA filing scheduled for early 2010.

"The results of these two studies, showed for the first time that FA acted as both a VEGF (vascular endothelial growth factor) inhibitor as well as a neuroprotective," explained Dr. Ashton, CEO of pSivida and a co-author of these papers. "These properties support expanding the use of Iluvien beyond DME to include conditions such as wet and dry AMD (age-related macular degeneration) for which Phase II trials are currently underway; and other degenerative conditions such as retinitis pigmentosa. Dr. Ashton noted that no currently approved treatment for these conditions provide both VEGF inhibitive and neuroprotective qualities.

The first study, "Fluocinolone inhibits VEGF expression via glucocorticoid receptor in human retinal pigment epithelial (ARPE-19) cells and TNF-alpha-induced angiogenesis in chick chorioallantoic membrane (CAM)" was published in the April issue of *Journal of Ocular Pharmacology and Therapeutics*. In the paper, Dr. Ashton, and colleagues Surya P. Ayalasomayajula and Uday B. Kompella, of the University of Nebraska Medical Center in Omaha, reported that they found that Fluocinolone inhibited VEGF expression in ARPE-19 cells via its glucorcorticoid receptor activity. In addition, flucinolone inhibited proliferation of ARPE-19 cells and TNF-*a*-induced angiogenesis in chorioallantoic membranes. "VEGF inhibition is one method of treating wet-AMD and is the mechanism of action for currently the most effective FDA-approved treatment for this disease," said Dr. Ashton.

The second study, "Photoreceptor neuroprotection in RCS rats via low-dose intravitreal sustained-delivery of flucinolone acetonide" published on line in *Investigative Ophthalmology & Visual Science*, with print publication scheduled for August, studied the neuroprotective effects of FA delivered through a Medidur-device in RCS. Authors Dr. Ashton and Inna V. Glybina, Alexander Kennedy, Gary Abrams and Raymond Iezzi, of the Kresge Eye Institute in Detroit, found that chronic intravitreal infusion of FA preserves both the structure of the retina and retinal function. These findings suggest Iluvien may have a therapeutic role in human degenerative eye diseases including dry-AMD and retinitis pigmentosa.

About pSivida Corp.

pSivida is a world leader in the development of miniaturized, injectable, drug delivery systems for the eye. pSivida's lead development product, Iluvien™, delivers fluocinolone acetonide (FA) for the treatment of diabetic macular edema (DME). Formerly known as Medidur™ FA for DME, Iluvien is in fully recruited Phase III clinical trials. pSivida has licensed certain drug delivery technology to Alimera Sciences, Inc. for the development of Iluvien and certain other ophthalmic products. pSivida also 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 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 has completed an initial safety clinical trial of BrachySil for the treatment of pancreatic cancer and is conducting a follow-on dose-ranging clinical trial.

pSivida's intellectual property portfolio consists of 45 patent families, over 100 granted patents, including patents accepted for issuance, and over 200 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: failure of FA or the Iluvien device to act as a VEGF inhibitor or neuroprotectant; inability to expand the treatment indications for Iluvien; maintaining key collaboration agreements with Alimera and Pfizer; modification of existing terms of 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.

Source: pSivida Corp.

In US:
Beverly Jedynak
312-943-1123
bjedynak@janispr.com
or
In Australia:
Brian Leedman, Vice President, Investor Relations, pSivida Corp.
+61 8 9227 8327
brianl@psivida.com