



ASX/Media RELEASE

6 June 2008

Scheme Meeting of pSivida Limited: 6 June 2008 CHAIRMAN'S ADDRESS

pSivida Limited Scheme Meeting Chairman's Speech – 6 June 2008

Good afternoon ladies and gentlemen, and welcome to this important meeting of pSivida Limited shareholders to consider the proposed reincorporation of pSivida Limited into the United States of America (the **Reincorporation**).

I am Dr Paul Ashton, the Managing Director of pSivida Limited and Chairman of today's meeting, and, on behalf of my fellow directors, I thank you for taking the time to attend.

A copy of my address will be posted on pSivida Limited's website today and will be lodged with the ASX to provide access for as many shareholders as possible.

There is a quorum present so I will now formally open this meeting of pSivida Limited shareholders. You have all have received a copy of the Notice of Meeting which was contained in the Information Memorandum dated 2 May 2008 which was sent to all shareholders. If there is no objection, I propose to take the Notice of Meeting as read. Extra copies of the Notice are available in the foyer.

With me today are fellow representatives of the Company being Mr Brian Leedman Vice President of Investor Relations, Mr Winton Willesee the Secretary of the Company and Mr Aaron Finlay, Consultant.

Since today's meeting is important for the Company's shareholders, I think it is worth recounting on the background to today's meeting, prior to proceeding to the meeting's formal business.

During the past thirty six months, the Company has been implementing its previously articulated strategy of concentrating operations in the United States of America. As a result the Company has achieved significant milestones that have dramatically improved its financial and strategic position.

- We acquired Control Delivery Systems, a US corporation, including its ophthalmic products and technologies
- Pfizer became our largest stockholder and collaborative partner to develop ophthalmic products,
- MedidurTM FA for DME entered Phase III pivotal trials and is completely funded by our US collaborative partner, Alimera Sciences.
- We reported favourable results of Phase IIa trials for BrachySilTM for pancreatic cancer and will begin a Phase IIb trial shortly.
- We sold non-core businesses, restructured our organisation and located most of our operations in the US.
- Through our Pfizer and revised Alimera Sciences collaborations, we have significantly strengthened our financial position.

As part of the Company's strategy of building a global drug delivery company and in order to make the Company a more attractive investment to its shareholders by increasing shareholder liquidity, it is proposed that the Company reincorporates in the United States of America with a primary listing

on the Nasdaq Stock Market and continued listings on the Australian Stock Exchange and the Frankfurt Stock Exchange.

I note that the new US Company, New pSivida, Inc. changed its name to pSivida Corp. on 23 May 2008. So all references to New pSivida, Inc. in the Information Memorandum should be read as being references to pSivida Corp.

Following the proposed Reincorporation, directors, executive officers, assets and operations of the Company are expected to remain the same and shareholders will have the same proportionate investment in pSivida Corp. CDIs and shares of common stock of the new US company, pSivida Corp. will be issued in exchange for ordinary shares and ADSs. However, each CDI and share of pSivida Corp. will represent 40 of our current shares or 4 of our current ADSs (as each ADS represents 10 shares).

Along with the Reincorporation, we are also proposing a new ESOP (Employee Incentive Plan) which is in a form typical for US public companies and which provides important US tax benefits for the Company that are not provided in the Company's existing ESOP. The new ESOP will be implemented and replace the current ESOP only if the proposed Reincorporation is approved. The Board believes that an ESOP is an important tool to attract, motivate and retain key employees. An extraordinary general meeting to approve the new ESOP will be held following this Scheme Meeting.

The Board of Directors has unanimously concluded that the proposed Reincorporation is in the best interests of shareholders and has unanimously recommended a vote in favour of approval. An Australia-based independent expert engaged to evaluate the proposed reincorporation has concluded that the proposed transaction is in the best interests of shareholders.

The Information Memorandum dated 2 May 2008 which was sent to all shareholders contained the Directors' recommendation, the reasons to vote in favour of the Reincorporation, and reasons not to vote in favour of the Reincorporation together with the Independent Expert's Report by Pitcher Partners. Additional copies of the Information Memorandum are available here today.

As detailed in the Information Memorandum, the Reincorporation is subject to a number of conditions and will only be implemented if all of those conditions have been satisfied at the time that the Court is asked to approve the Reincorporation.

One of those conditions is that the requisite majority of shareholders must approve the Reincorporation by passing the resolution to be considered at today's meeting.

If shareholders approve the Reincorporation today, then we intend to seek Court approval of the Reincorporation in the Federal Court of Australia in Sydney on Tuesday 10 June 2008. The other conditions (apart from Court approval), either have been satisfied or are expected to be satisfied before the Court hearing.

Should the Court approve the Reincorporation on that day, the Reincorporation will be implemented, and the Company will "re-domicile" in the United States. As you know, this is a shorthand description of the scheme which involves the following (in summary) –

- (a) all the shares in the Company being transferred to a new US company called pSivida Corp;
- (b) pSivida Corp. issuing shares/CDI's to the existing shareholders in the Company;
- (c) all of the assets and liabilities of the Company (including the options and warrants and the shares in subsidiaries held by the Company) being transferred by order of the Court to pSivida Corp; and
- (d) the Company being deregistered without a winding up by order of the Court.

pSivida Limited's shares are expected to cease trading on the ASX at the close of trading on 11 June 2008. On 12 June 2008, deferred settlement trading of CDI's will commence on ASX , and trading in the common stock of pSivida Corp. will commence on NASDAQ on a when-issued basis on that same day. pSivida Corp. will trade under the ticker PVA on the ASX. We expect that pSivida Corp. will trade on Nasdaq under the same symbol that pSivida Limited currently trades under on Nasdaq, being PSDV.

On 4 June, pSivida announced a change to the indicative timetable contained in the Information Memorandum for the implementation of the Scheme. This change will have the effect that the deferred settlement trading of the CDIs on ASX will be extended from 19 June until 25 June. Otherwise the original timetable is unchanged.

We are currently seeking to confirm when trading of pSivida Corp. common stock and CDIs will commence on the Frankfurt Stock Exchange. Although our published timetable indicated that such trading will commence on either June 11 or June 12, we are awaiting confirmation of whether it will be possible to trade common stock and CDIs on the Frankfurt Stock Exchange on a deferred settlement basis as from either of those dates. We will update you on the date that trading on the Frankfurt Stock Exchange is expected to commence after receiving additional information.

As set out in the Information Memorandum, a class ruling application has been lodged with the Australian Taxation Office (ATO) seeking confirmation that the conditions for scrip for scrip rollover relief are satisfied and that rollover relief will be available in relation to the transfer of Shares from the Company to pSivida Corp. under the Scheme. The ruling application is currently being considered by the ATO and the final ruling has not yet been issued, although we expect that it will be issued fairly shortly. Shareholders will be advised once the final ruling has been issued.

I would now like to continue with the formal business of the meeting to consider the resolution.

Only people holding blue cards are able to vote and ask questions at today's meeting. Visitors holding a white card are not eligible to vote or speak at the meeting. People holding a yellow card are not eligible to vote but are eligible to speak at the meeting.

Shareholders have been asked to consider, and if thought fit, pass the following resolution (**Resolution**):

"That, pursuant to and in accordance with sections 411 and 413 of the Corporations Act, the Scheme, the terms of which are contained in and more particularly described in the Information Memorandum (which accompanies the notice convening this meeting), is approved (with or without modification as approved by the Federal Court of Australia)."

For the Reincorporation to proceed and become effective, the Resolution must be approved by:

- a) (unless the Court orders otherwise), a majority in number (more than 50%) of pSivida Limited shareholders present and voting at the scheme meeting in person, by attorney, by proxy or, (in the case of corporate pSivida Limited shareholders) by authorised representative; and
- b) At least 75% of the total number of votes cast on the Reincorporation at the Scheme Meeting by pSivida Limited Shareholders in person, by attorney, by proxy or, (in the case of corporate pSivida Limited shareholders) by authorised representative.

In order to accurately determine the votes, I will be calling for a poll to be conducted in respect of the resolution. Computershare will act as scrutineers and report the results of voting to me.

The Corporations Act requires that the chair must inform the meeting whether any proxy votes have been received and how the proxy votes are to be cast. Accordingly, I report the following proxy votes received and how they are to be cast.

Headcount Votes		Votes Cast	
For	191	For	162,921,068
Against	12	Against	6,993,147
Abstain	2	Abstain	1,999,130
Open in favour of the Chairman	56	Open in favour of the Chairman	3,309,915
Total members voted	259	Total votes cast	173,246,701
Percentage in favour	95.37% in favour (including the open proxies which I will be voting in favour of the resolution)	Percentage in favour	95.96% in favour (including the open proxies which I will be voting in favour of the resolution)

Voting procedure

I would now like to summarize the voting procedure for the Resolution.

All shareholders at this meeting who are eligible to vote will have received a blue voting card. If you have not received your blue voting card, please see a representative from ComputerShare.

When the time comes later in the meeting to vote, please complete your blue card for the Resolution to indicate how you wish to vote.

To vote, place a tick or a cross in the box on the card under the heading "for", "against" or "abstain", according to your wishes and indicate, if applicable, what percentage of your shares are voted in that way.

If you are a proxy holder, you must vote only in accordance with instructions on the proxies already lodged with the Company. Proxies which do not direct how the vote is to be cast may be voted in favour or against the Resolution at the discretion of the proxy. This includes any open proxies given in favour of me as Chairman of the meeting.

As indicated, I will cast any such open proxy votes given to me in favour of the Resolution.

Discussion of the Resolution

The Resolution is now open for discussion. As I mentioned earlier, only people holding blue cards are able to vote and ask questions at today's meeting. Visitors holding a white card are not eligible to vote or speak at the meeting. People holding a yellow card are not eligible to vote but are eligible to speak at the meeting.

If you wish to speak or ask questions in relation to the Resolution, please raise your voting card and wait for me to acknowledge you. Before you speak, please identify yourself and, if you are a proxy or representative, state who you are representing.

Are there any questions or discussion on the Resolution?

I now put the Resolution to a vote and call for a poll to be taken.

Could you now please complete your blue voting cards for the Resolution. A member of ComputerShare staff will collect these from you.

I understand from the returning officer that all the voting cards have now been collected. Is there anyone whose voting card has not been collected?

There will be a short delay during which the votes will be counted by the scrutineer, however the meeting is not adjourned.

Tea, coffee and sandwiches will be available during this time. I will then announce the results of the voting.

The counting of the votes has now been completed. I announce the following results:

Votes		Members	
For	167,473,959	For	192
Against	6,993,147	Against	13
Abstain	1,999,130	Abstain	2
Total votes cast	174,467,106	Total votes cast	205
Percentage in favour	95.99	Percentage in favour	94%

I declare the Resolution passed in accordance with the majorities required by the Corporations Act. The results will be lodged with ASX as soon as possible.

I declare the meeting closed. Thank you for your attendance.

Released by:

pSivida Limited
Brian Leedman
Vice President, Investor Relations
pSivida Limited
Tel: + 61 8 9227 8327
bleedman@psivida.com

US Public Relations
Beverly Jedynek
President
Martin E. Janis & Company, Inc
Tel: +1 (312) 943 1123
bjedynek@janispr.com

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

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 trials for the treatment of pancreatic cancer.

pSivida's intellectual property portfolio consists of 68 patent families, 118 granted patents, including patents accepted for issuance, and 275 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 (**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: the scheme of arrangement for reincorporation of the company, including whether or not it is implemented; the 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 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.