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Favorable 12-Month Interim Safety and Efficacy Results from Iluvien Human PK Study

Watertown, MA - March 13, 2009 - pSivida Corp. (NASDAQ:PSDV)(ASX:PVA)(FF:PV3), a leading drug delivery company, today reported the interim 12-month safety and efficacy results from the first human pharmacokinetic study (PK Study) of IluvienTM. The study is being conducted by the Company's licensing partner Alimera Sciences. Iluvien is an intravitreal insert being developed for the treatment of diabetic macular edema (DME).

This 36-month, open-label, Phase II study, running concurrently with the pivotal Phase III FAMETM Study (Fluocinolone Acetonide in Diabetic Macular Edema), is designed primarily to assess systemic exposure of the corticosteroid, fluocinolone acetonide (FA), after administration of Iluvien in patients with DME. Secondarily, the PK Study is designed to provide information on the safety and efficacy of Iluvien in a DME patient population. A total of 37 subjects were enrolled in the PK Study 20 patients on the low dose of Iluvien (an approximate 0.23 micrograms (ug) per day dose), and 17 patients on the high dose of Iluvien (an approximate 0.45ug per day dose).

In the 12-month interim readout, no adverse events related to intraocular pressure (IOP) were seen in low dose patients, and 23.5% of the high dose patients experienced IOP increases of 30mm of mercury (mmHg) or greater at some time point and one of those patients required surgery to address their elevated IOP. For comparative purposes, in published results from clinical studies of DME patients using sustained release intravitreal FA in Bausch & Lomb Incorporated's product Retisert® (a surgically implanted intravitreal drug delivery device containing 0.59 mg FA approved for the treatment of chronic non-infectious posterior uveitis), 35% of the patients experienced IOP increases of 30 mmHg or greater at some time point during the first year.

"We are extremely pleased that the 12 month interim safety analysis of Iluvien is consistent with the results that were seen at the 3 and 6 month readouts," said Dr. Paul Ashton, President and Chief Executive Officer of pSivida Corp. "The lower incidence of IOP changes in high dose Iluvien patients compared to the published clinical data on Retisert and the lack of IOP adverse events in low dose patients is encouraging and indicates that Iluvien has the potential to offer a very important safety advantage in the delivery of FA."

Efficacy data from the subgroup of patients with the same visual acuity inclusion criteria as the larger Phase III FAME trial revealed that 27.3% of the high dose patients had an improvement in best corrected visual acuity (BCVA) of 15 letters or greater over baseline and 23.1% of the low dose patients had an improvement in BCVA of 15 letters or greater over baseline. Previously published results from a clinical study of Retisert® in DME patients, showed similar efficacy. In the Retisert trial (in 197 patients), 17% had an improvement in BCVA of 15 letters or greater over baseline at 12 months.

"The 12-month Iluvien efficacy data is very encouraging," said Dr. Ashton. "The safety and efficacy results to date in this study continue to be consistent with our expectations regarding Iluvien and we look forward to reporting future results as they become available".

Data from the PK Study will continue to be evaluated with interim analysis conducted at months 18, 24, 30 and 36. Except for the month 18 and final month 36 analysis, when the database will be fully locked, interim evaluations will be based on unaudited data. The last patient was enrolled in this study at the end of February 2008.

About IluvienTM

Iluvien is an intravitreal insert being developed for the treatment of DME. DME is a disease of the retina, which affects individuals with diabetes and can lead to severe vision loss and blindness. Each Iluvien insert is designed to provide a sustained therapeutic effect, up to 36 months for the low dose and up to 24 months for the high dose. Iluvien is inserted into the patient's eye with a 25-gauge needle, which allows for a self-sealing wound. This insertion is very similar to an intravitreal injection, a procedure commonly employed by retinal specialists.

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About pSivida Corp.

pSivida is a world leader in the development of miniaturized, injectable, drug delivery systems for the eye. pSivida has two products approved by the Food and Drug Administration (FDA): Retisert® to treat uveitis and Vitrasert® for treating 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 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 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: 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.