

PSIVIDA CORP.

SECURITIES TRADING POLICY

1. Introduction and Purpose

This policy summarizes the law relating to insider trading and sets out the policy of pSivida Corp. (together with its subsidiaries, the “Company” or “pSivida”) on directors, officers, employees and consultants dealing in the securities of pSivida.

If you do not understand the summary of law or this policy, or how it applies to you, you should raise the matter with the General Counsel before trading in any securities that may be affected by the policy or the law.

This policy is only a summary of complex legal provisions, and should therefore only be used as a general guide, not as legal advice.

2. The Insider Trading Prohibition

If you have “price-sensitive” or “material nonpublic” information relating to pSivida which has not been published or which is not otherwise “generally available”, it is illegal for you to:

- buy, sell or otherwise deal in pSivida securities;
- advise, procure or encourage another person (for example, a family member, a friend, a family company or trust) to buy or sell pSivida securities; or
- pass on information to any other person, if you know or ought reasonably to know that the person may use the information to buy or sell (or procure another person to buy or sell) pSivida securities.

This policy applies to transactions in the Company’s securities, including the Company’s common stock, options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, options and other derivative securities (including derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s securities).

It is the responsibility of each director, officer, employee and consultant to ensure that they do not do any of the things prohibited by this policy or insider trading laws, whether or not specifically prohibited by this policy. The consequences for breach of this law may be severe.

As a director, officer, employee or consultant of the Company, this policy applies to you. The same restrictions that apply to you apply to your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). You are responsible for making sure that the purchase or sale of any security covered by this policy by any such person complies with this policy.

3. What is “Price-Sensitive” or “Material” Information?

Price-sensitive/material information means information relating to pSivida that would, if the information were publicly known, be likely to:

- have a material effect on the price or value of pSivida securities; or
- influence persons who commonly invest in securities in deciding whether or not to buy or sell pSivida securities.

Examples of possible price-sensitive information include, but are not limited to:

- the financial performance of pSivida;
- entry into or termination of a material contract (such as a license agreement);
- a material acquisition or sale of assets by pSivida;
- an actual or proposed takeover or merger;
- an actual or proposed change to pSivida's capital structure;
- a proposed dividend or a change in dividend policy; or
- a material claim against pSivida or other unexpected liability.

4. When is the information “generally available” or “public”?

Information is generally available/public if:

- it consists of readily observable matter;
- it has been made known by a press release, SEC filing on Form 8-K or other means designed to achieve widespread dissemination of the information in a manner likely to bring the information to the attention of people who commonly invest in securities of a kind whose price or value might be affected by the information, and, since it was made known, a reasonable period for it to be disseminated and fully absorbed by the market;
- it is derived from information which has been made public; or
- it consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

5. Restrictions on dealings in the Company's securities

As a general policy, before engaging in transactions involving the securities of the Company, you must notify the General Counsel (or in his/her absence, the CEO) of the intended transaction. You must then provide subsequent confirmation that the trading has occurred.

The Company's policy regarding trading in the Company's securities by directors, officers, employees and consultants is that you may not conduct any transactions involving the Company's securities in the following circumstances:

- when you are in possession of price-sensitive or material nonpublic information about the Company;
- during a “Blackout Period” beginning on the last day of each fiscal quarter and ending after the first full business day following the date of the public release of our earnings results for that quarter;
- During an event-specified blackout.

The Company has also determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this policy engage in certain types of transactions. It is therefore the Company’s policy that any persons covered by this policy may not engage in any of the following transactions:

- Short-Term Trading: Short-term trading of Company securities may be distracting to the person and may unduly focus the person on the Company’s short-term share market performance instead of the Company’s long-term business objectives.
- Short Sales: Short sales of Company securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to seek to improve the Company’s performance. For these reasons, short sales of Company securities are prohibited. In addition, Section 16(c) of the Securities Exchange Act prohibits executive officers and directors from engaging in short sales.
- Publicly Traded Options: Given the relatively short term of publicly traded options, transactions in options may create the appearance that a director, officer, employee or consultant is trading based on material nonpublic information and focus such director’s, officer’s, employee’s or consultant’s attention on short-term performance at the expense of the Company’s long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this policy.
- Hedging Transactions: Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a director, officer, employee or consultant to continue to own Company securities obtained through company benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer, employee or consultant may no longer have the same objectives as the Company’s other shareholders. Therefore, directors, officers, employees and consultants are prohibited from engaging in any such transactions.
- Margin Accounts and Pledged Securities: Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer’s consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company

securities, directors, officers, employees and consultants are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.

- **Standing and Limit Orders:** Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer, employee or consultant is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company securities. If a person subject to this policy determines that they must use a standing order or limit order, that person must contact the General Counsel for clearance to place the order.

In relation to the quarterly and annual reports, these reports will contain financial information concerning the Company. It is generally the case that at some time before the public disclosure of the quarterly and annual reports, some or all of the directors, officers, employees and consultants will have access to the financial information, which may, in some circumstances, be price-sensitive or material information, not yet released. In such circumstances any directors, officers, employees or consultants in possession of such information may not deal in the Company's securities.

However, as long as there is no event-specified black out and you are not aware of material nonpublic information about the Company, you will generally be permitted to engage in trading (subject to due notification being given to the General Counsel) during the "Window Period" beginning on the second business day following the public release of the Company's quarterly or annual earnings and ending on the day before the last day of the then-current fiscal quarter.

6. Consequences for breach of the Insider Trading Prohibition

Breach of the insider trading prohibition by you or family members could expose you or them to criminal and civil liability. Breach of insider trading law or this policy will also be regarded by pSivida as serious misconduct, which may lead to disciplinary action and/or dismissal.

7. Dealing in securities of other companies

If you have "price-sensitive information" relating to a company other than pSivida which is not "generally available," the same insider trading rules outlined above apply to buying and selling securities of that company. In the course of performing your duties as a director, officer, employee or consultant of pSivida, you may obtain price-sensitive information relating to another company in a variety of circumstances. Examples include, but are not limited to, the following:

- another company may provide price-sensitive information about itself to pSivida in the course of a proposed transaction;
- another company with whom pSivida is dealing may provide price-sensitive information about a third company; or
- information concerning pSivida or actions which may be taken by pSivida (*i.e.*, a planned transaction or strategic change) could have an effect on a third-party company.

Apart from the application of the insider trading rules and this policy to securities of other companies, directors, officers, employees and consultants are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

8. Exceptions for Approved 10b5-1 Plans

Trades in the Company's securities that are executed pursuant to an approved 10b5-1 plan are not subject to the prohibition on trading on the basis of material nonpublic information contained in this Securities Trading Policy or to the restrictions set forth above relating to pre-clearance procedures.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. In general, a 10b5-1 plan must be entered into at a time when you are not aware of material nonpublic information. Once the plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify (including by formula) the amount, pricing and timing of transactions in advance or delegate discretion on those matters to an independent third party.

The Company requires that all 10b5-1 plans be approved in writing in advance by the General Counsel.

9. Contacts

If you have any questions arising from pSivida's Securities Trading Policy, you may contact the person listed below.

Lori Freedman Vice President of Corporate Affairs, General Counsel and Company Secretary

Tel: +1 617-972-6278

Email: lfreedman@psivida.com