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Emerging Company Research

Alimera Sciences — Outperform (1)

Ad Comm Review Another Hurdle, But Iluvien Remains On Track For Late-2011 OK

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Summary: Alimera management provided an update on the Iluvien regulatory review in conjunction with Q4 results last night. Management remains on track to submit its response to the FDA's December CRL before the end of Q1. But the FDA has advised Alimera that an FDA Advisory Committee review will be required prior to approval, to discuss Iluvien's reward/risk profile. Based on the positive Iluvien reviews from our clinical consultants, we view the Ad Comm review as a modest incremental risk to Iluvien approval, but the scheduling logistics add uncertainty to the review timing. Therefore, we have pushed the commercial launch from Q4:2011 into Q1:2012 and reduced our 2012-13 sales ramp. Assuming a favorable Ad Comm review and FDA approval, we project that Iluvien will reach $250MM of U.S. sales by capturing just 12-15% of the U.S. DME treatment market in 2016. As regulatory visibility improves, we believe ALIM shares will outperform the market by 30%+ over the next 12-18 months.

- **Ad Comm Expected To OK Iluvien's LT Reward/Risk Profile.** In the 36-month FAME trials (top-line results released last week) , Iluvien achieved statistically significant efficacy relative to placebo in both trials at 30 and 33 months, but not at 36 months, due to efficacy improvements in the control arm at 30-36 months (related to more intense background treatment). The incidence of IOP elevations requiring surgery continued to rise through month 36, but remained below 5% (4.8%) at 36 months. That risk is likely to be the focus of the Ad Comm. Our clinical consultants opine that Iluvien's reward/risk profile continues to justify approval and broad use in DME.

- **CRL Response On Track For Q1 Submission.** Management reiterated their plan to submit the CRL response by the end of March. The response will include the full 36-month FAME study data and responses from Iluvien's contract manufacturer to CMC and GMP compliance questions. The Ad Comm meeting has not yet been scheduled, but likely will occur in Q3.

ALIM (02/10)	**$8.51**
Mkt cap	**$265.5MM**
Dil shares out	31.2MM
Avg daily vol	62.8K
52-wk range	$6.3-12.7
Dividend	Nil
Dividend yield	Nil
BV/sh	$1.62
Net cash/sh	$1.76
Debt/cap	0.0%
ROIC (LTM)	NA
5-yr fwd growth (Norm)	NA
S&P 500	**1321.9**

Revenue $MM

FY Dec	2010 Actual	2011E Prior	2011E Current	2012E Prior	2012E Current	2013E Current	2014E Current
Q1	0.0	—	0.0	—	—	—	—
Q2	0.0	—	0.0	—	—	—	—
Q3	0.0	—	0.0	—	—	—	—
Q4	0.0	5.0	0.0	—	—	—	—
Year	**0.0**	**5.0**	**0.0**	**75.0**	**55.0**	**90.0**	**140.0**
EV/S	—	—	—	—	4.3x	2.6x	1.7x

OpEPS* $

FY Dec	2010 Actual	2011E Prior	2011E Current	2012E Prior	2012E Current	2013E Current	2014E Current
Q1	(0.19)	(0.25)	(0.19)	—	—	—	—
Q2	(0.24)	(0.20)	(0.19)	—	—	—	—
Q3	(0.20)	(0.21)	(0.22)	—	—	—	—
Q4	(0.20)	(0.19)	(0.28)	—	—	—	—
Year	**(1.03)**	**(0.85)**	**(0.90)**	**0.60**	**0.30**	**0.55**	**1.05**
P/E	—	—	—	—	28.4x	15.5x	8.1x

*EPS estimates include stock-based compensation, exclude one-time charges

Please see addendum of this report for important disclosures.

Investment Thesis

Alimera Sciences ("Alimera") was formed in 2003 to develop and commercialize ophthalmology therapeutics. Alimera originally marketed a line of OTC ophthalmology therapeutics, but divested the products to Bausch & Lomb in two transactions in December 2006 (allergy ophthalmology products) and in July 2007 (dry eye product) to fund clinical development of the lead pipeline candidate Iluvien. Iluvien is a sustained-release intravitreal insert containing the corticosteroid fluocinolone acetonide (FA): the non-erodible polymer insert delivers very low doses of FA to the back of the eye over 2-3 years to treat diabetic macular edema (DME) and potentially other inflammatory eye diseases. Alimera has completed a 956-patient, 24-month international Phase III program testing Iluvien in DME, and the 36-month trials were completed in Q4:2010. Alimera submitted the Iluvien NDA for the DME indication based on the 24-month data in late-June 2010, followed by European Union (EMEA) and Canadian regulatory filings in Q3: the NDA submission received a 6-month priority review designation by the FDA. Alimera plans to commercialize Iluvien in the U.S. and Canada via a proprietary sales force and via partners in the rest of the world. Our clinical consultants project that Iluvien may be used in approximately 15% of the estimated 180,000 patients currently treated for DME in the U.S.: that patient share translates to a $300-400MM U.S. sales opportunity, and a $200-300MM sales opportunity in Europe. We estimate WW Iluvien sales of $70MM in in 2012 (includes $20MM sales via partner(s) in the E.U.), $120MM in 2013, $200MM in 2014, and $400-450MM in 2016. Off-label use in other inflammatory ocular diseases, particularly retinal vein occlusion (RVO), could add upside to our projections.

Alimera is evaluating Iluvien in other ocular indications, including dry and wet forms of age-related macular edema (AMD), and retinal vein occlusion (RVO). Alimera also has licensed rights to two classes of nicotinamide adenine dinucleotide phosphate (NADPH) oxidase inhibitors from Emory University and is evaluating early NADPH oxidase inhibitor candidates for the treatment of dry AMD and other ophthalmology applications.

Iluvien's efficacy profile in DME appears to be slightly superior to that of competitive agents, including triamcinolone injections and Roche's Lucentis. However, Iluvien has the advantage of delivering a very low corticosteroid dose directly to the back of the eye over 24- to 36-months, improving efficacy and compliance, and potentially reducing long-term side effects associated with other DME therapies. That advantage is partially offset by a high cataract formation rate (80%) and elevated intra-ocular pressure (IOP) side effects. Assuming Iluvien reaches a 15% DME patient share in the U.S. and a 10% patient share in Europe by 2016, coupled with Alimera's modest infrastructure requirements, we believe Iluvien can drive rapid profit growth for Alimera in 2012-2016. Based on our DCF and sum-of-the-parts valuation analyses, we believe ALIM shares can outperform the market by 30%+ over the next 12-18 months.

Positives

1. Iluvien's efficacy profile in DME appears to be slightly superior to that of competitive agents, including triamcinolone injections and Roche's Lucentis. However, Iluvien has the advantage of delivering a very low corticosteroid dose directly to the back of the eye over 24- to 36-months, improving efficacy and compliance, and potentially reducing long-term side effects associated with

other DME therapies. Assuming a favorable Ad Comm review and FDA approval, we project that Iluvien will reach $250MM of U.S. sales by capturing just 12-15% of the U.S. DME treatment market in 2016. As regulatory visibility improves, we believe ALIM shares will outperform the market by 30%+ over the next 12-18 months.

Negatives

We forecast a relatively gradual adoption curve for Iluvien, influenced by:

1. Managed care reimbursement may take a few months to secure, given the expected high relative cost of Iluvien (estimated at $7,500 per unit for the 2-3 year implant). Our clinical consultants indicate that the up-front cost issue has been an impediment to Retisert acceptance.
2. Our clinical consultants indicate that the relatively high rate of serious IOP elevations requiring surgical intervention (4.8% of low-dose Iluvien patients in the FAME study) may be an impediment to early adoption.
3. Iluvien is inserted into the back of the eye via a proprietary inserter employing a 25-gauge (relatively small) needle. The procedure is very simple, but may involve an initial training period before it is broadly adopted.

While Alimera is developing NADPH oxidase inhibitor candidates for the treatment of dry AMD and other ophthalmology applications, this program is in pre-clinical stages: R&D investment has been focused on Iluvien for DME and the follow-on indications (wet and dry AMD and RVO). As a 36-month, non-erodible polymer implant, Iluvien presents safety issues, including a high rate of cataract formation and a relatively high rate of intra-ocular pressure elevations requiring surgical intervention (see below). Should the FDA significantly delay or refuse approval of Iluvien, ALIM shares likely would trade down to near the company's net cash value of $1.50-1.60 per share.

Q4 RESULTS SLIGHTLY BETTER, DESPITE SG&A SPENDING RAMP

ALIMERA Q4:10 RESULTS ANALYSIS

	Q3:10	Q4:09	Reported Q4:10A	% D	Our Estimate Q4:10E	% D	Comments
Product Sales	$0.0	$0.0	$0.0	nm	$0.0	nm	-
Royalties	0.0	0.0	0.0	nm	0.0	nm	-
R&D Revenues/Other	0.0	0.0	0.0	nm	0.0	nm	-
Total Revenue	**$0.0**	**$0.0**	**$0.0**	nm	**$0.0**	nm	- In-line: no revs
% Change	**nm**	**nm**	**nm**		**nm**		
Cost of Goods Sold	$0.0	$0.0	$0.0	nm	$0.0	nm	- In-line: no COGS
Gross Profit	0.0	0.0	0.0	nm	0.0	nm	
Gross Margin	nm	nm	nm		nm		
R&D	$4.1	$3.1	$2.1	-32%	$4.0	+31%	- Well below target on controlled R&D spending
% Revenues	nm	nm	nm		nm		
SG&A	$1.6	$1.3	$3.9	+211%	$4.0	+212%	- Just below target
% Revenues	nm	nm	nm		nm		
Total Operating Expenses	$5.7	$4.3	$6.0	+39%	$8.0	+83%	Below target on lower R&D spending
% Revenues	nm	nm	nm		nm		
Operating Income	**($5.7)**	**($4.3)**	**($6.0)**	nm	**($8.0)**	nm	- Lighter loss on lower R&D spending
% Revenues	**nm**	**nm**	**nm**		**nm**		
Interest Income	$0.0	$0.0	$0.0		$0.0		
Interest Expense	($0.1)	($0.5)	($0.2)		$0.0		cash and equivalents of $54.8MM @ 12/31/10
Other Income/Expense	($0.7)	($2.9)	0.0		($0.1)		Includes extinguishment of debt, increase onn preferred stock conversion
Total Non-Operating Income	($0.9)	($3.4)	($0.2)		($0.0)		-
Pretax Income	($6.5)	($7.7)	($6.3)		($8.0)		
Taxes	$0.0	$0.0	$0.0	nm	$0.0	nm	-
Tax Rate	0.0%	0.0%	0.0%		0.0%		
Net Income - Operations	**($6.5)**	**($7.7)**	**($6.3)**	nm	**($8.0)**	nm	- Lighter loss on lower R&D spending
% Change	nm	nm	nm		nm		
Extraordinary Items	$1.7	($14.7)	$0.0		$0.0		- no redeemable preferred stock accretion and dividends in Q4
EPS -Operations*	**($0.27)**	**($0.34)**	**($0.20)**	nm	**($0.26)**	nm	- In-line
% Change	**nm**	**nm**	**nm**		**nm**		
EPS - Reported	($0.20)	($1.00)	($0.20)	nm	($0.26)	nm	- In-line
Shares (MM) - Diluted	24.3	22.5	31.2	nm	31.3	nm	- Just below target

Source: Company reports, Cowen and Company estimates

U.S. DME MARKET BUILDUP

ESTIMATED U.S. DME MARKET BUILDUP ($MM)*

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	CGR	
# Diagnosed diabetes patients US (MM)	18.3	19.0	19.8	20.6	21.4	22.3	23.2	24.1	+4%	- assumes annual growth rate of 4%
# DME patients US - annual incidence (MM)	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	+4%	- assumes 1.9% incidence rate
% Treated	50%	50%	50%	50%	50%	50%	50%	50%		- Patients treated with drug therapy
# DME patients treated (MM)	0.17	0.18	0.18	0.19	0.20	0.21	0.22	0.22	+4%	
% Treated with Laser Photocoagulation	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**		- ~50% of all treated DME patients receive laser therapy
# DME patients treated with LPT (MM)	0.09	0.09	0.09	0.10	0.10	0.10	0.11	0.11		- laser therapy remains the only approved treatment for DME
Cost per patient/per year ($)	$4,120	$4,244	$4,371	$4,502	$4,637	$4,776	$4,919	$5,067		- patients receiving laser therapy are at risk for night vision loss
Laser Photocoagulation Sales ($MM)	**$350**	**$375**	**$402**	**$430**	**$461**	**$494**	**$529**	**$567**	**+7%**	
Iluvien (ALIM) Patient Share			**0.0%**	**3.6%**	**5.5%**	**7.7%**	**10.8%**	**14.1%**		- sustained-release corticosteroid fluocinolone acetonide
# DME patients treated with Iluvien (MM)			0.00	0.01	0.01	0.02	0.02	0.03		- 36-month intravitreal implant for DME
Cost per patient/per year ($)			$7,000	$7,175	$7,354	$7,538	$7,727	$7,920		
Iluvien Sales ($MM)			**$0**	**$50**	**$80**	**$120**	**$180**	**$250**		
Ozurdex (AGN) Patient Share	**1.2%**	**3.8%**	**6.2%**	**7.7%**	**8.9%**	**10.0%**	**10.1%**	**10.2%**		- 3-5 month bioerodable dexamethasone intravitreal impant
# DME patients treated with Osurdex (MM)	0.00	0.01	0.01	0.01	0.02	0.02	0.02	0.02		- approved for macular edema following RVO in mid-'09
Cost per patient/per year ($)	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149		
Ozurdex Sales ($MM)	**$10**	**$35**	**$60**	**$80**	**$100**	**$120**	**$130**	**$140**	**+26%**	
Lucentis (Roche) Patient Share	**1.2%**	**1.7%**	**2.0%**	**2.4%**	**3.6%**	**4.6%**	**5.1%**	**5.5%**		- monoclonal antibody (mAb) ranibizumab
# DME patients treated with Lucentis (MM)	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01		- currently in Phase III for DME
Cost per patient/per year ($)	$14,280	$14,566	$14,857	$15,154	$15,457	$15,766	$16,082	$16,403		- off-label use for DME
Lucentis Sales ($MM)	**$30**	**$45**	**$55**	**$70**	**$110**	**$150**	**$175**	**$200**	**+28%**	
Avastin (Roche) Patient Share	**1.2%**	**1.4%**	**1.6%**	**1.8%**	**1.9%**	**2.0%**	**2.3%**	**2.6%**		- monoclonal antibody (mAb) bevacizumab
# DME patients treated with Avastin (MM)	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01		- currently in Phase II for DME
Cost per patient/per year ($)	$9,690	$9,884	$10,081	$10,283	$10,489	$10,699	$10,913	$11,131		- off-label use for DME
Avastin Sales ($MM)	**$20**	**$25**	**$30**	**$35**	**$40**	**$45**	**$55**	**$65**	**+17%**	
Trivaris (AGN) Patient Share	**2.0%**	**7.4%**	**8.7%**	**11.5%**	**13.9%**	**16.1%**	**17.9%**	**19.5%**		- Injectable corticosteroid triamcinolone acetonide for uveitis
# DME patients treated with Trivaris (MM)	0.00	0.01	0.02	0.02	0.03	0.03	0.04	0.04		- used in the treatment of uveitis and other ocular disorders
Cost per patient/per year ($)	$1,500	$1,530	$1,561	$1,592	$1,624	$1,656	$1,689	$1,723		- expected off-label use for DME
Trivaris Sales ($MM)	**$5**	**$20**	**$25**	**$35**	**$45**	**$55**	**$65**	**$75**	**+25%**	
Triesence (ACL) Patient Share	**1.4%**	**7.4%**	**10.5%**	**13.1%**	**15.5%**	**17.5%**	**19.3%**	**20.8%**		- Injectable corticosteroid triamcinolone acetonide for uveitis
# DME patients treated with Trivaris (MM)	0.00	0.01	0.02	0.03	0.03	0.04	0.04	0.05		- used in the treatment of uveitis and other ocular disorders
Cost per patient/per year ($)	$1,499	$1,529	$1,560	$1,591	$1,623	$1,655	$1,689	$1,722		- preservative free synthetic corticosteroid
Triesence Sales ($MM)	**$4**	**$20**	**$30**	**$40**	**$50**	**$60**	**$70**	**$80**	**+26%**	- expected off-label use for DME
Triamcinolone Generic Patient Share	**43.0%**	**32.0%**	**25.0%**	**15.0%**	**10.0%**	**8.0%**	**7.0%**	**6.0%**		- synthetic corticosteroid triamcinolone
# DME patients treated with Kenalog (MM)	0.07	0.05	0.05	0.05	0.05	0.05	0.04	0.04		- off-label use for DME
Cost per patient/per year ($)	$206	$212	$219	$225	$232	$239	$246	$253		
Kenalog Sales ($MM)	**$15**	**$11**	**$11**	**$12**	**$12**	**$11**	**$11**	**$9**	**-3%**	
Other Treatments Patient Share	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**		- other synthetic corticosteroids and versions of triamcinolone
# DME patients treated with Other (MM)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Cost per patient/per year ($)	$515	$530	$546	$563	$580	$597	$615	$633		
Other Sales ($MM)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		
Total Estimated DME Market ($MM)	**$434**	**$531**	**$613**	**$752**	**$898**	**$1,055**	**$1,215**	**$1,386**	**+17%**	- New corticosteroids and anti-VEGFs could drive upside
% Change	+20%	+22%	+15%	+23%	+19%	+18%	+15%	+14%		

* Note: Patient share percentages add to more than 100% given broad combination use of treatments

Source: IMS; Cowen and Company estimates

ILUVIEN - FAME PHASE III EFFICACY SUMMARY - INCLUDES 36-MONTH DATA

	TRIAL A			TRIAL B			POOLED DATA		
	ILUVIEN		CONTROL	ILUVIEN		CONTROL	ILUVIEN		CONTROL
ENDPOINT	**(0.23mcg)**	**(0.45mcg)**	**GROUP**	**(0.23mcg)**	**(0.45mcg)**	**GROUP**	**(0.23mcg)**	**(0.45mcg)**	**GROUP**
Primary: BCVA Improvement From Baseline									
FULL ANALYSIS DATASET									
	n=190	n=196	n=95	n=186	n=199	n=90	n=376	n=395	n=185
Patients Gaining ≥ 15 Letters at Month 24	**26.8%**	**26.0%**	**14.7%**	**30.6%**	**31.2%**	**17.8%**	**28.7%**	**28.6%**	**16.2%**
	(p=0.029)	(p=0.034)		(p=0.030)	(p=0.027)		(p=0.002)	(p=0.002)	
Patients Gaining ≥ 15 Letters at Month 27	**25.8%**	**nm**	**15.8%**	**31.7%**	**nm**	**13.3%**	**28.7%**	**nm**	**14.6%**
	(p=0.076)	nm		(p=0.001)	nm		(p<0.001)	nm	
Patients Gaining ≥ 15 Letters at Month 30	**28.9%**	**nm**	**14.7%**	**33.9%**	**nm**	**15.6%**	**31.4%**	**nm**	**15.1%**
	(p=0.011)	nm		(p=0.002)	nm		(p<0.001)	nm	
Patients Gaining ≥ 15 Letters at Month 33	**28.4%**	**nm**	**16.8%**	**29.6%**	**nm**	**17.8%**	**29.0%**	**nm**	**17.3%**
	(p=0.042)	nm		(p=0.046)	nm		(p=0.004)	nm	
Patients Gaining ≥ 15 Letters at Month 36	**28.4%**	**nm**	**18.9%**	**29.0%**	**nm**	**18.9%**	**28.7%**	**nm**	**18.9%**
	(p=0.106)	nm		(p=0.086)	nm		(p=0.018)	nm	
ALL-RANDOMIZED AND TREATED DATASET (ART)									
	n=190	n=195	n=95	n=185	n=198	n=90	n=375	n=393	n=185
Patients Gaining ≥ 15 Letters at Month 24	**26.8%**	**26.2%**	**14.7%**	**30.8%**	**31.3%**	**17.8%**	**28.8%**	**28.8%**	**16.2%**
	(p=0.029)	(p=0.032)		(p=0.028)	(p=0.026)		(p=0.002)	(p=0.002)	
MODIFIED ALL-RANDOMIZED AND TREATED DATASET (MODIFIED ART)									
	n=190	n=195	n=95	n=186	n=199	n=90	n=375	n=393	n=185
Patients Gaining ≥ 15 Letters at Month 24	**22.6%**	**24.1%**	**12.6%**	**29.7%**	**29.3%**	**13.3%**	**26.1%**	**26.7%**	**13.0%**
	(p=0.057)	(p=0.026)		(p=0.004)	(p=0.005)		(p=0.001)	(p=0.001)	
Secondary:							n=375	n=393	n=185
Mean Change In Visual Acuity (BCVA letter score)							**4.4**	**5.4**	**1.7**
							(p=0.020)	(p=0.016)	
Mean Decrease In Excess Fovial Thickness (microns)							**156.1**	**NA**	**100.5**
							NA	NA	

Definitions:

FULL ANALYSIS DATASET: Includes all 956 patients randomized to FAME study. LOCF used to impute data for patient discontinuations

ALL RANDOMIZED AND TREATED DATASET: Includes 953 patients randomized to FAME study: 3 patients enrolled but untreated are excluded. LOCF used to impute data for patient discontinuations.

MODIFIED ART: Includes 953 patients randomized to FAME study: 3 patients enrolled but untreated are excluded. Excludes data collected subsequent to use of treatments prohibited by protocol (steroids, anti-VEGF's, laser). LOCF used to impute data for patient discontinuations.

Source: Company Reports; Cowen and Company

IOP/CATARACT AE SUMMARY FROM POOLED FAME PHASE III TRIALS (A+B) - INCLUDES 36-MONTH DATA

IOP AND CATARACT ADVERSE EVENTS	ILUVIEN (0.23mcg)	CONTROL GROUP
Patients	n=375	n=185
Elevated IOP (IOP>30mmHg) - 24 months	16.3%	2.7%
Elevated IOP (IOP>30mmHg) - 36 months	**18.4%**	**4.3%**
Surgical Interventions - 24 months:		
Trabeculoplasty	1.3%	0.0%
Trabeculectomy (filtration)	2.1%	0.0%
Vitrectomy	0.3%	0.0%
Other Surgery	1.6%	0.5%
Surgical Interventions - 36 months:		
Trabeculoplasty	**1.3%**	**0.0%**
Trabeculectomy (filtration)	**2.7%**	**0.0%**
Vitrectomy	**0.3%**	**0.0%**
Other Surgery	**2.1%**	**0.5%**
Total Requiring ≥1 IOP-Lowering Surgery - 24 months	3.7%	0.5%
Total Requiring ≥1 IOP-Lowering Surgery - 36 months	**4.8%**	**0.5%**
	n=235	n=121
Phakic Patients* Reporting Cataract Formation - 24 months	80.0%	46.3%
Phakic Patients Reporting Cataract Surgery - 24 months	74.9%	23.1%
Phakic Patients* Reporting Cataract Formation - 36 months	**81.7%**	**50.4%**
Phakic Patients Reporting Cataract Surgery - 36 months	**80.0%**	**27.3%**

Phakic = Natural lens; no previous cataract surgery. 621 of the 953 FAME study patients (65.2%) were phakic at trial start.

Source: Company reports, Cowen and Company

POOLED FAME TREATMENT SUMMARY

	Iluvien Low-Dose - 24 Months	Control - 24 Months	Iluvien Low-Dose - 36 Months	Control - 36 Months
	n=376	n=185	n=376	n=185
Study Treatments (Sham or Iluvien)				
1 treatment	76.5%	76.2%	74.4%	71.4%
2 treatments	21.3%	19.5%	21.6%	23.8%
≥3 treatments	2.2%	4.3%	4.0%	4.8%
Laser Treatments	**30.9%**	**48.6%**	**41.5%**	**62.2%**
P-value achieved	**p<0.001**		**p<0.001**	
Off-Protocol Treatments*	12.5%	28.6%	15.2%	33.0%
P-value achieved	p<0.001		p<0.001	

*includes IVTA, bevacizumab, ranibizumab, and vitrectomy

Source: Company Reports; Cowen and Company

ILUVIEN DEVELOPMENT MILESTONES

Event	Projected Timing
NDA submission - low-dose Iluvien √	**June 2010**
Priority review notification (60 days) - granted August 30th √	**August 2010**
Projected regulatory filings in Europe, Canada √	**Q3:2010**
CRL issued by FDA for low-dose Iluvien (on 6-month review)	**December 2010**
Top-line FAME 36-month low-dose Iluvien results √	**February 3, 2011**
Additional FAME 36-month data to be presented at Angiogensis, Exudation, and Degeneration Meeting	**February 12th, 2011**
Continued build out of Iluvien salesforce	**H1:2011**
Projected resubmission response to CRL issued 12/2010	**end of Q1:2011**
Advisory Committee Review Panel for Iluvien in DME ahead of approval decision	**Q2:2011**
Projected FDA approval and launch	**Q3:2011/Q4:2011**
Iluvien Phase II results in AMD (dry, wet) and RVO	**H2:2011/H1:2012**
Projected EMA approval in DME	**H1:2012**
Projected E.U. market launches (via partner)	**H2:2012**

Source: Company reports; Cowen and Company

ILUVIEN BEING TESTED IN OTHER INFLAMMATORY EYE DISEASES

ILUVIEN - CLINICAL STUDIES SUMMARY

INDICATION	TRIAL	STATUS	EFFICACY OBJECTIVE	PATIENT ENROLLMENT	DATA REPORTED
DME	Phase III FAME A	In Process	36-Month Visual Acuity	n=481 (completed)	12/09, 12/10
DME	Phase III FAME B	In Process	36-Month Visual Acuity	n=475 (completed)	12/09, 12/10
DME	Phase II PK Study	In Process	36-Month FA Plasma Exposure	n=37 (completed)	9/09, 9/10
Dry AMD	Phase II MAP GA	In Process	24-Month Geographic Atrophy Baseline Change	n=40 (targeted)	2011
Wet AMD	Phase II MAP	In Process	6-Month Visual Acuity	n=30 (targeted)	2011
RVO	Phase II FAVOR	In Process	3-Month Visual Acuity	n=20 (targeted)	2011

Source: Company reports; Cowen and Company

ALIMERA SCIENCES - R&D PIPELINE

Therapeutic Class/Product	P-C	I	II	III	NDA	MKT	Comments
DME							
Iluvien				•	Q2:10	Q4:11	Sustained-release fluocinolone acetonide non-bioerodible intravitreal implant for the treatment of DME evaluated in 2 registration Phase III studies – FAME; 36-month Phase III presented in February 2011; NDA filing in Q2:10; MAA filings in Q3:10 based on 24-month data
Age-Related Macular Edema							
Iluvien			•				Geographic atrophy associated with dry AMD (MAP GA Phase II currently enrolling); as an adjunctive therapy to Lucentis in wet AMD (MAP Phase II currently enrolling)
NADPH Oxidase Inhibitor Program	•						Geographic atrophy associated with dry AMD
Retinal Vein Occlusion							
Iluvien			•				Phase II FAVOR study in retinal vein occlusion (RVO) currently enrolling
Other Ocular Diseases							
NADPH Oxidase Inhibitor Program	•						Allergic conjunctivitis, wet AMD, and diabetic retinopathy
Total Drugs In Development	**1**	**0**	**1**	**1**			**2**

Source: Company reports; Cowen and Company

ALIMERA - VALUATION PERSPECTIVES

ALIMERA SCIENCES - CURRENT VALUATION PARAMETERS

ALIMERA Share Price:	$8.51		
Diluted Shares Outstanding (MM):	31.2		- Includes in-the-money options and employee shares
Equity Market Capitalization ($MM):	$266	113%	- Post-money valuation
Plus: LT Debt ($MM)	$25	11%	- $25MM milestone payable to pSivida upon Iluvien approval
Less Cash: ($MM)	$55		- Includes net IPO proceeds of $66.3MM
Total Enterprise Value ($MM):	$235.8		- Net enterprise value (EV)

	2010	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Implied Multiples:								
Estimated Revenues (MM)	$0.0	$0.0	$55.0	$90.0	$140.0	$210.0	$320.0	
Implied EV/Revenue		nm	4.3x	2.6x	1.7x	1.1x	0.7x	
Estimated EBITDA (MM)	($22.1)	($27.8)	$10.8	$30.2	$65.2	$114.0	$191.4	
Implied EV/EBITDA			21.8x	7.8x	3.6x	2.1x	1.2x	
Estimated Net Income (MM)	($22.8)	($28.5)	$10.7	$21.6	$43.2	$75.2	$125.9	
Implied Equity Value/Earnings (P/E)			22.0x	10.9x	5.5x	3.1x	1.9x	

Source: Company reports, Cowen and Company estimates

ALIMERA - SUM OF THE PARTS VALUATION ANALYSIS ($MM)

	2010	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Product Sales ($MM)								
Iluvien - US Sales	$0.0	$0.0	$50.0	$80.0	$120.0	$180.0	$275.0	- 24-36 month fluocinolone acetonide implant
Est'd Gross Margin		70.0%	84.0%	83.0%	84.0%	84.0%	83.9%	- Net of Psivida profit share (20%)
Est'd Operating Margin			19.6%	33.6%	46.6%	54.3%	59.8%	- High margin contribution
Est'd EBIT		($27.8)	$9.8	$26.8	$55.9	$97.7	$164.5	
Terminal Multiple	5.0							- NDA to be filed June 2010; priority review
Discount Rate	25%							- Marketed in US, Canada by Alimera
Present Value	**$311**							- Phase II for dry AMD
Per Share Valuation	**$9.98**							
Royalties	$0.0	$0.0	$5.0	$10.0	$20.0	$30.0	$45.0	- Assume 25% average royalty on ex-US sales
Terminal Multiple	6.0							- EMEA filing in Q3:2010
Discount Rate	30%							- Will partner in Europe
Present Value	**$73**							
Per Share Valuation	**$2.35**							
Pipeline/Other	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	- early-stage programs/other revenues
Terminal Multiple	6.0							
Discount Rate	35%							
Present Value	**$0**							
Per Share Valuation	**$0.00**							
TOTAL VALUATION ($MM)	**$385**							
Less: Debt	$25	- $15MM obligation to pSivida repaid post IPO						
Plus: Cash & Investments	$55	- Includes net IPO proceeds of $66.3MM						
Net Equity Value	**$415**							
Per Share Value	**$13.28**							

Source: Company reports, Cowen and Company estimates

ALIMERA - DISCOUNTED CASH FLOW ANALYSIS

ALIMERA SCIENCES - DISCOUNTED CASH FLOW ANALYSIS

Inputs:		*Output:*	
Current Share Price	$8.51	**Equity Value**	**$414.6**
WACC	15.0%	**Estimated Share Price**	**$13.28**
Discount Rate	18.0%	Long-Term Debt	$25
Diluted Shares Outstanding	31.2	Cash & Equivalents	$55
WC Inv as % of Sales Change	30.0%	Enterprise Value	$235.8

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Terminal
Iluvien - DME U.S. Sales ($MM)	$0	$0	$0	$50	$80	$120	$180	$250	$275	$300	$320	$340	
% Growth				#DIV/0!	+60%	+50%	+50%	+39%	+10%	+9%	+7%	+6%	
Iluvien - Other Indications U.S. Sales ($MM)								$25	$70	$130	$180	$250	
NADPH Oxidase Inhibitors											$0	$0	
Royalties on Ex-US Sales			$0	$5	$10	$20	$30	$45	$46	$58	$66	$73	
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$55.0**	**$90.0**	**$140.0**	**$210.0**	**$320.0**	**$391.3**	**$487.5**	**$566.3**	**$662.5**	
% Growth	**nm**	**nm**	**nm**	**#DIV/0!**	**+64%**	**+56%**	**+50%**	**+52%**	**+22%**	**+25%**	**+16%**	**+17%**	
Cost of Goods	$0.0	$0.0	$0.0	$6.0	$8.0	$9.6	$12.6	$17.9	$67	$72	$77	$83	
Gross Profit	$0.0	$0.0	$0.0	$46.8	$75.7	$119.2	$178.5	$271.4	$324.7	$404.6	$470.0	$549.9	
Gross Margin - Total	100.0%	100.0%	100.0%	85.1%	84.1%	85.1%	85.0%	84.8%	83.0%	83.0%	83.0%	83.0%	
SG&A	$4.2	$9.5	$16.3	$24.0	$32.0	$39.0	$45.0	$53.0	$60.6	$70.7	$79.3	$89.4	
% of Revs	nm	nm	nm	43.6%	35.6%	27.9%	21.4%	16.6%	15.5%	14.5%	14.0%	13.5%	
R&D	$15.1	$12.6	$11.5	$12.0	$13.5	$15.0	$19.5	$27.0	$50.1	$58.5	$65.1	$72.9	
% of Revs	nm	nm	nm	21.8%	15.0%	10.7%	9.3%	8.4%	12.8%	12.0%	11.5%	11.0%	
Operating Expenses	$19.2	$22.1	$27.8	$36.0	$45.5	$54.0	$64.5	$80.0	$110.7	$129.2	$144.4	$162.3	
% of Revenues	nm	nm	nm	65.5%	50.6%	38.6%	30.7%	25.0%	28.3%	26.5%	25.5%	24.5%	
Operating Income	($19.2)	($22.1)	($27.8)	$10.8	$30.2	$65.2	$114.0	$191.4	$214.0	$275.4	$325.6	$387.6	
% Operating Margin	nm	nm	nm	19.6%	33.6%	46.6%	54.3%	59.8%	54.7%	56.5%	57.5%	58.5%	
Total Non-Operating Income	($1.9)	($0.8)	($0.7)	($0.1)	$0.6	$1.2	$1.7	$2.3	$2.8	$3.3	$3.8	$4.3	
EBIT	($19.2)	($22.1)	($27.8)	$10.8	$30.2	$65.2	$114.0	$191.4	$214.0	$275.4	$325.6	$387.6	
% of Revs	nm	nm	nm	19.6%	33.6%	46.6%	54.3%	59.8%	54.7%	56.5%	57.5%	58.5%	
Pre-Tax Income	($21.1)	($22.8)	($28.5)	$10.7	$30.8	$66.4	$115.7	$193.7	$216.8	$278.7	$329.4	$391.9	
Taxes	$0.0	$0.0	$0.0	$0.0	$9.1	$22.8	$39.9	$67.0	$74.9	$96.4	$114.0	$135.6	
Income Tax Rate	0%	0%	0%	0%	30%	35%	35%	35%	35%	35%	35%	35%	
Net Income	($21.1)	($22.8)	($28.5)	$10.7	$21.7	$43.6	$75.8	$126.7	$141.9	$182.3	$215.4	$256.2	
% of Revs	nm	nm	nm	19%	24%	31%	36%	40%	36%	37%	38%	39%	
% Change	nm	nm	nm	nm	+103%	+100%	+74%	+67%	+12%	+28%	+18%	+19%	
NOPAT	($19.2)	($22.1)	($27.8)	$10.8	$21.1	$42.4	$74.1	$124.4	$139.1	$179.0	$211.6	$251.9	$1,399.5
Adjustments:													
Capex	$0.1	$0.2	$0.4	$0.5	$0.6	$0.8	$1.0	$1.0	$1.2	$1.4	$1.6	$1.8	
Depreciation & Amortization	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.3	1.5	1.7	1.9	
Stock-Based Compensation	0.6	0.8	1.1	1.2	1.3	1.5	1.7	1.9	2.2	2.5	2.8	3.2	
Change In Working Capital	1.6	0.1	(23.4)	(19.0)	(9.9)	(12.7)	(20.3)	(31.5)	(21.4)	(28.9)	(23.6)	(28.9)	
Operating Free Cash Flow	($17.9)	($21.1)	($50.1)	($6.5)	$13.6	$32.7	$57.3	$97.2	$122.8	$156.1	$194.7	$230.6	**$1,281.3**
Invested Capital:													
Total Assets	$16.6	$56.4	$54.4	$88.2	$103.7	$150.5	$229.8						
- Cash & Equivalents	14.9	54.8	53.8	67.3	70.8	103.0	159.7						
- Long-term investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
- Non-interest bearing current liabilities	4.5	3.6	4.2	4.3	5.0	5.4	5.8						
Net Capital	($2.8)	($2.0)	($3.6)	$16.6	$27.9	$42.1	$64.3						
ROIC	nm	nm	nm	65.1%	75.8%	100.7%	115.3%						
ROE	nm	nm	nm	20.3%	25.8%	36.3%	41.5%						
Du Pont Analysis:													
Margin (Net Income/Sales)	nm	nm	nm	19.5%	24.2%	31.1%	36.1%						
Turnover (Sales/Total Assets)*	0.0%	0.0%	0.0%	62.3%	86.8%	93.0%	91.4%						
Leverage (Total Assets/Equity)*	-307.7%	112.8%	147.9%	126.4%	110.6%	107.9%	105.6%						
Du Pont calculated ROE	nm	nm	nm	15.3%	23.2%	31.2%	34.8%						

Source: Company reports, Cowen and Company, LLC estimates

ALIMERA - ESTIMATED 2010-2016 P&L BUILDUP ($MM)

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	CGR	Comments
Product Sales	$0.0	$0.0	$0.0	$50.0	$80.0	$120.0	$180.0	$275.0		- Alimera's U.S. sales of Iluvien
Royalties	0.0	0.0	0.0	5.0	10.0	20.0	30.0	45.0		- Royalties on partner sales ex-US
R&D Revenues/Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$55.0**	**$90.0**	**$140.0**	**$210.0**	**$320.0**		- Assumes 12-15% share for Iluvien
% Change	**nm**	**nm**	**nm**	**nm**	**+64%**	**+56%**	**+50%**	**+52%**		
Cost of Product Sales	$0.0	$0.0	$0.0	$6.0	$8.0	$9.6	$12.6	$17.9		- Iluvien @ 90%+ GPM
Est'd Profit Share to pSivida		0.0	0.0	2.2	6.3	11.2	18.9	30.7		- pSivida gets 20% of Iluvien profits
Gross Profit	$0.0	$0.0	$0.0	$46.8	$75.7	$119.2	$178.5	$271.4		
Gross Margin - Product Sales	0.0%	0.0%	70.0%	88.0%	90.0%	92.0%	93.0%	93.5%		- Low COGS, including injector device
Net Cost of pSivida Profit Share				4.0%	7.0%	8.0%	9.0%	9.6%		- Assumes 40-48% net operating margin
Gross Margin - Royalties, Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Gross Margin	100.0%	100.0%	100.0%	85.1%	84.1%	85.1%	85.0%	84.8%		- Could be upside to GPM estimates
R&D	$15.1	$12.6	$11.5	$12.0	$13.5	$15.0	$19.5	$27.0	+9%	- Iluvien in AMD; NADPH program
% Revenues	nm	nm	nm	21.8%	15.0%	10.7%	9.3%	8.4%		
SG&A	$4.2	$9.5	$16.3	$24.0	$32.0	$39.0	$45.0	$53.0	+44%	- Hiring 40-rep sales force in H2:2011
% Revenues	nm	nm	nm	43.6%	35.6%	27.9%	21.4%	16.6%		Plan to expand over time
Total Operating Expenses	$19.2	$22.1	$27.8	$36.0	$45.5	$54.0	$64.5	$80.0	+23%	
% Growth	nm	+15%	+26%	+29%	+26%	+19%	+19%	+24%		
Operating Income	**($19.2)**	**($22.1)**	**($27.8)**	**$10.8**	**$30.2**	**$65.2**	**$114.0**	**$191.4**		**- Iluvien margin drives P&L leverage**
% Growth	**nm**	**nm**	**nm**	**nm**	**+180%**	**+116%**	**+75%**	**+68%**		
% Revenues	**nm**	**nm**	**nm**	**19.6%**	**33.6%**	**46.6%**	**54.3%**	**59.8%**		**- High operating margin, incl. R&D**
Interest Income	$0.0	$0.1	$0.1	$0.3	$0.6	$1.2	$1.7	$2.3		- $54.8MM at12/31/10
Interest Expense	(1.9)	(0.8)	(0.8)	(0.4)	0.0	0.0	0.0	0.0		- Interest on $15MM note to pSivida
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		- Preferred stock accretion and dividends
Total Non-Operating Income	($1.9)	($0.8)	($0.7)	($0.1)	$0.6	$1.2	$1.7	$2.3		- Note retired in 4/2010
Pretax Income	($21.1)	($22.8)	($28.5)	$10.7	$30.8	$66.4	$115.7	$193.7		
% Revenues	nm	nm	nm	19.5%	34.2%	47.4%	55.1%	60.5%		
Taxes	$0.0	$0.0	$0.0	$0.0	$9.2	$23.2	$40.5	$67.8		- Assume fully taxed for valuation
Tax Rate	0.0%	0.0%	0.0%	0.0%	30.0%	35.0%	35.0%	35.0%		- Fully taxed beginning in 2013
Non-Recurring Gains (Charges)	($23.1)	$9.0	($25.0)	$0.0	$0.0	$0.0	$0.0	$0.0		- Discontinued ops, gain on debt retirement
Preferred Stock Adjustments	($8.2)	($3.1)								- Preferred stock dividends and accretion
Net Income - Operations	**($21.1)**	**($22.8)**	**($28.5)**	**$10.7**	**$21.6**	**$43.2**	**$75.2**	**$125.9**		**- Profits estimated in 2012**
% Growth	**nm**	**nm**	**nm**	**nm**	**+101%**	**+100%**	**+74%**	**+67%**		**- Fully-taxed for valuation purposes**
% Revenues	**nm**	**nm**	**nm**	**19%**	**24%**	**31%**	**36%**	**39%**		
Net Income - Reported	**($52.4)**	**($17.0)**	**($53.5)**	**$10.7**	**$21.6**	**$43.2**	**$75.2**	**$125.9**		
EPS -Operations*	**($1.76)**	**($1.03)**	**($0.90)**	**$0.30**	**$0.55**	**$1.05**	**$1.75**	**$2.80**	**nm**	**- EPS breakout forecast in 2012-13**
% Change	**nm**	**nm**	**nm**	**nm**	**+86%**	**+90%**	**+66%**	**+60%**		
Non-Recurring Gains (Charges)	**($1.93)**	**$0.41**	**($0.79)**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
Preferred Stock Adjustments	**(0.68)**	**(0.14)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**		
EPS - Reported	**($4.37)**	**($0.77)**	**($1.68)**	**$0.30**	**$0.55**	**$1.05**	**$1.75**	**$2.80**	**nm**	
Shares (MM) - Diluted	12.0	22.2	31.8	36.0	39.0	41.0	43.0	45.0	+21%	- Steady increase for stock-based comp

Source: Company reports, Cowen and Company estimates

** EPS estimates include stock-based compensation expense, exclude one-time charges*

ALIMERA - ESTIMATED 2010-2016 REVENUE BUILDUP ($MM)

Product/*Indication*	Revenue Source		2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Iluvien											
Fluocinolone acetonide implant											
Diabetic Macular Edema	***U.S./Canadian Market***			NDA		Launch					- 24-36 month fluocinolone acetonide implant
	Product Sales			$0.0	$0.0	$50.0	$80.0	$120.0	$180.0	$250.0	- CRL on 12/23/2010; 20% profits to pSivida
											- Forecast launch in late-2011
	Europe, Other Markets					*$20.0*	*$40.0*	*$80.0*	*$120.0*	*$180.0*	- Marketed internationally via partners
	Royalty Rate	25%									- Assume 25% average royalty on ex-US sales
	Royalty to Alimera			$0.0	$0.0	$5.0	$10.0	$20.0	$30.0	$45.0	
Dry AMD	***U.S./Canadian Market***		P1	P2	P2	P3	P3	P3	P3/NDA	Launch	- 24-36 month fluocinolone acetonide implant
	Product Sales									$25.0	- Phase 2 trials starting 2010
											- Also will be developed for wet AMD,
	Europe, Other Markets										macular edema w/non-ischemic RVO
	Royalty Rate	25%									
	Royalty to Alimera			$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
NADPH Oxidase Inhibitors					P1	P1	P2	P2	P3	P3	- IP licensed from Emory U. in mid-'09
Dry AMD											- NADPH oxidase inhibitors target oxidative stress
											- Multiple potential indications; dry AMD the lead
R&D Revenues/Other			$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
Product Sales			$0.0	$0.0	$0.0	$50.0	$80.0	$120.0	$180.0	$275.0	
Royalties			0.0	0.0	0.0	5.0	10.0	20.0	30.0	45.0	
Other			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Alimera Revenues			**$0.0**	**$0.0**	**$0.0**	**$55.0**	**$90.0**	**$140.0**	**$210.0**	**$320.0**	**- U.S. sales of Iluvien**
% Change				**nm**	**nm**	**nm**	**+64%**	**+56%**	**+50%**	**+52%**	

Source: Company reports, Cowen and Company, LLC estimates

ALIMERA - ESTIMATED QUARTERLY P&L BUILDUP ($MM)

	2009					2010					2011E				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1E	Q2E	Q3E	Q4E	Total
Product Sales	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D Revenues/Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
% Change	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**
Cost of Goods Sold	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Gross Profit	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Gross Margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
R&D	$4.5	$3.8	$3.6	$3.1	$15.1	$3.1	$4.1	$3.3	$2.1	$12.6	$2.5	$2.7	$3.0	$3.3	$11.5
% Revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
SG&A	$1.0	$0.9	$1.0	$1.3	$4.2	$1.2	$1.6	$2.8	$3.9	$9.5	$3.4	$3.2	$4.0	$5.7	$16.3
% Revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Total Operating Expenses	$5.5	$4.7	$4.6	$4.3	$19.2	$4.2	$5.7	$6.1	$6.0	$22.1	$5.9	$5.9	$7.0	$9.0	$27.8
% Revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	26.0%
Operating Income	**($5.5)**	**($4.7)**	**($4.6)**	**($4.3)**	**($19.2)**	**($4.2)**	**($5.7)**	**($6.1)**	**($6.0)**	**($22.1)**	**($5.9)**	**($5.9)**	**($7.0)**	**($9.0)**	**($27.8)**
% Revenues	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**
Interest Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	$0.1
Interest Expense	(0.5)	(0.5)	(0.5)	(0.5)	(1.9)	(0.5)	(0.1)	0.0	(0.2)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)
Other	(4.2)	(1.1)	(0.0)	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-Operating Income	($4.7)	($1.5)	($0.5)	$4.8	($1.9)	($0.5)	($0.1)	$0.0	($0.2)	($0.8)	($0.2)	($0.2)	($0.2)	($0.2)	($0.7)
Pretax Income	($10.2)	($6.3)	($5.1)	$0.5	($21.1)	($4.7)	($5.8)	($6.1)	($6.3)	($22.8)	($6.1)	($6.1)	($7.2)	($9.2)	($28.5)
Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income - Operations	**($10.2)**	**($6.3)**	**($5.1)**	**$0.5**	**($21.1)**	**($4.7)**	**($5.8)**	**($6.1)**	**($6.3)**	**($22.8)**	**($6.1)**	**($6.1)**	**($7.2)**	**($9.2)**	**($28.5)**
% Change	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Non-Recurring Gains (Charges)	($4.2)	($1.9)	($2.0)	($15.0)	($23.1)	$7.3	$1.7	$0.0	$0.0	$9.0	$0.0	$0.0	$0.0	($25.0)	($25.0)
Preferred Stock Adjustments	($7.8)	$0.0	($0.4)	$0.0	($8.2)	($2.4)	($0.7)	$0.0	$0.0	($3.1)	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income - Reported	($22.3)	($8.1)	($7.5)	($14.6)	($52.4)	$0.2	($4.8)	($6.1)	($6.3)	($17.0)	($6.1)	($6.1)	($7.2)	($34.2)	($53.5)
EPS -Operations*	**($0.45)**	**($4.20)**	**($3.35)**	**$0.02**	**($1.76)**	**($0.19)**	**($0.24)**	**($0.20)**	**($0.20)**	**($1.03)**	**($0.19)**	**($0.19)**	**($0.22)**	**($0.28)**	**($0.90)**
Non-Recurring Gains (Charges)	**($0.19)**	**($1.25)**	**($1.31)**	**($0.67)**	**($1.93)**	**$0.30**	**$0.07**	**$0.00**	**$0.00**	**$0.41**	**$0.00**	**$0.00**	**$0.00**	**($0.78)**	**($0.79)**
Preferred Stock Adjustments	**(0.35)**	**0.00**	**(0.23)**	**0.00**	**(0.68)**	**(0.10)**	**(0.03)**	**0.00**	**0.00**	**(0.14)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
EPS - Reported	**($0.99)**	**($5.46)**	**($4.89)**	**($0.65)**	**($4.37)**	**$0.01**	**($0.20)**	**($0.20)**	**($0.20)**	**($0.77)**	**($0.19)**	**($0.19)**	**($0.22)**	**($1.06)**	**($1.68)**
Shares (MM) - Diluted	22.5	1.5	1.5	22.5	12.0	24.5	24.3	31.1	31.2	22.2	31.5	31.7	31.9	32.2	31.8

Source: Company reports, Cowen and Company estimates

** EPS estimates include stock-based compensation expense, exclude one-time charges*

ALIMERA SCIENCES - ESTIMATED 2009-2016 BALANCE SHEET BUILDUP ($MM)

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Assets:									
Cash & Equivalents	$14.9	$28.5	$27.5	$41.0	$44.5	$76.7	$133.4	$229.7	- Good cash generation post 2013
Marketable Securities	0.0	26.3	26.3	26.3	26.3	26.3	26.3	26.3	
Accounts Receivable	0.0	0.0	0.0	7.5	12.3	19.2	28.8	43.8	
Inventories	0.0	0.0	0.0	4.0	5.3	4.8	6.3	8.9	
Prepaids & Other Current Assets	1.4	1.4	0.0	8.3	13.5	21.0	31.5	48.0	
Total Current Assets	$16.3	$56.2	$53.8	$87.1	$101.9	$148.0	$226.3	$356.8	
Property, Plant & Equipment	$0.3	$0.2	$0.6	$1.1	$1.7	$2.5	$3.5	$4.5	
Other Long-Term Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Long-Term Assets	$0.3	$0.2	$0.6	$1.1	$1.7	$2.5	$3.5	$4.5	
Total Assets	**$16.6**	**$56.4**	**$54.4**	**$88.2**	**$103.7**	**$150.5**	**$229.8**	**$361.4**	
Liabilities:									
Accounts Payable	$1.8	$1.7	$2.3	$3.0	$3.7	$4.4	$5.3	$6.6	- Modest working capital needs
Accrued & Other Liabilities	4.5	3.6	4.2	4.3	5.0	5.4	5.8	7.2	
Total Current Liabilities	$6.2	$5.3	$6.5	$7.3	$8.7	$9.8	$11.1	$13.8	
Long-Term Debt	$15.0	$0.0	$10.0	$10.0	$0.0	$0.0	$0.0	$0.0	- Debt financing assumed to pay
Other Long-Term Liabilities	0.7	1.2	1.2	1.2	1.2	1.2	1.2	1.2	PSDV milestone
Total Liabilities	**$21.9**	**$6.4**	**$17.6**	**$18.4**	**$9.9**	**$11.0**	**$12.3**	**$14.9**	
Net Equity	**($5.4)**	**$50.0**	**$36.8**	**$69.8**	**$93.8**	**$139.5**	**$217.5**	**$346.4**	
Net Working Capital Excl. Cash & S.T. Debt	($9.3)	$18.8	$15.7	$34.5	$43.7	$56.1	$76.0	$106.1	
Current Ratio	2.6	10.7	8.3	12.0	11.7	15.0	20.4	25.9	
Long-Term Debt/Equity	nm	nm	nm	nm	nm	nm	nm	nm	

ALIMERA SCIENCES - ESTIMATED 2009-2016 CASH FLOW BUILDUP ($MM)

	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Cash Flows From Operating Activities									
Net Income (Loss)	($21.1)	($22.8)	($28.5)	$10.7	$21.6	$43.2	$75.2	$125.9	
Depreciation & Amortization	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Other	0.3	0.0	(25.0)	0.0	0.0	0.0	0.0	0.0	- $25MM milestone pmt to PSDV
Stock Based Compensation	0.6	0.8	1.1	1.2	1.3	1.5	1.7	1.9	upon Iluvien approval
Net Working Capital Accounts	1.6	0.1	1.6	(19.0)	(9.9)	(12.7)	(20.3)	(31.5)	
Net Cash Used By Operating Activities	($17.5)	($20.9)	($49.7)	($6.0)	$14.0	$33.0	$57.7	$97.4	
Cash Flows From Investing Activities									
Investments (net)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
Property & Equipment (net)	(0.1)	(0.2)	(0.4)	(0.5)	(0.6)	(0.8)	(1.0)	(1.0)	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Cash Provided By Investing Activities	($0.1)	($0.2)	($0.4)	($0.5)	($0.6)	($0.8)	($1.0)	($1.0)	
Cash Flows From Financing Activities									
Common Stock (net)	$4.9	$68.4	$20.0	$20.0	$0.0	$0.0	$0.0	$0.0	
Convertible Preferred	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Notes Payable (net)	0.0	(15.0)	10.0	0.0	(10.0)	0.0	0.0	0.0	- Funding required to pay PSDV
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	milestone
Net Cash Provided By Financing Activities	$14.9	$53.4	$30.0	$20.0	($10.0)	$0.0	$0.0	$0.0	
Net Change in Cash	**($2.6)**	**$32.3**	**($20.1)**	**$13.5**	**$3.4**	**$32.2**	**$56.7**	**$96.4**	
Ending Cash	**$15.2**	**$47.6**	**$27.5**	**$41.0**	**$44.5**	**$76.7**	**$133.4**	**$229.7**	

COWEN SUMMARY

	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Cash Flow From Operations	($17.5)	($20.9)	($49.7)	($6.0)	$14.0	$33.0	$57.7	$97.4	
Capital Spending	(0.1)	(0.2)	(0.4)	(0.5)	(0.6)	(0.8)	(1.0)	(1.0)	
Owner's Cash Flow	($17.6)	($21.1)	($50.1)	($6.5)	$13.4	$32.2	$56.7	$96.4	
Financing	$14.9	$53.4	$30.0	$20.0	($10.0)	$0.0	$0.0	$0.0	
Non-Recurring Items	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
Beginning Cash & Equivalents	$17.9	$15.3	$47.6	$27.5	$41.0	$44.5	$76.7	$133.4	
Change In Cash & Equivalents	(2.6)	32.3	(20.1)	13.5	3.4	32.2	56.7	96.4	
Ending Cash & Equivalents	$15.3	$47.6	$27.5	$41.0	$44.5	$76.7	$133.4	$229.8	

Source: Company reports, Cowen and Company, LLC estimates

Addendum

STOCKS MENTIONED IN IMPORTANT DISCLOSURES

Ticker	Company Name
ALIM	Alimera Sciences

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Rating	Definition
Outperform (1)	Stock expected to outperform the S&P 500
Neutral (2)	Stock expected to perform in line with the S&P 500
Underperform (3)	Stock expected to underperform the S&P 500

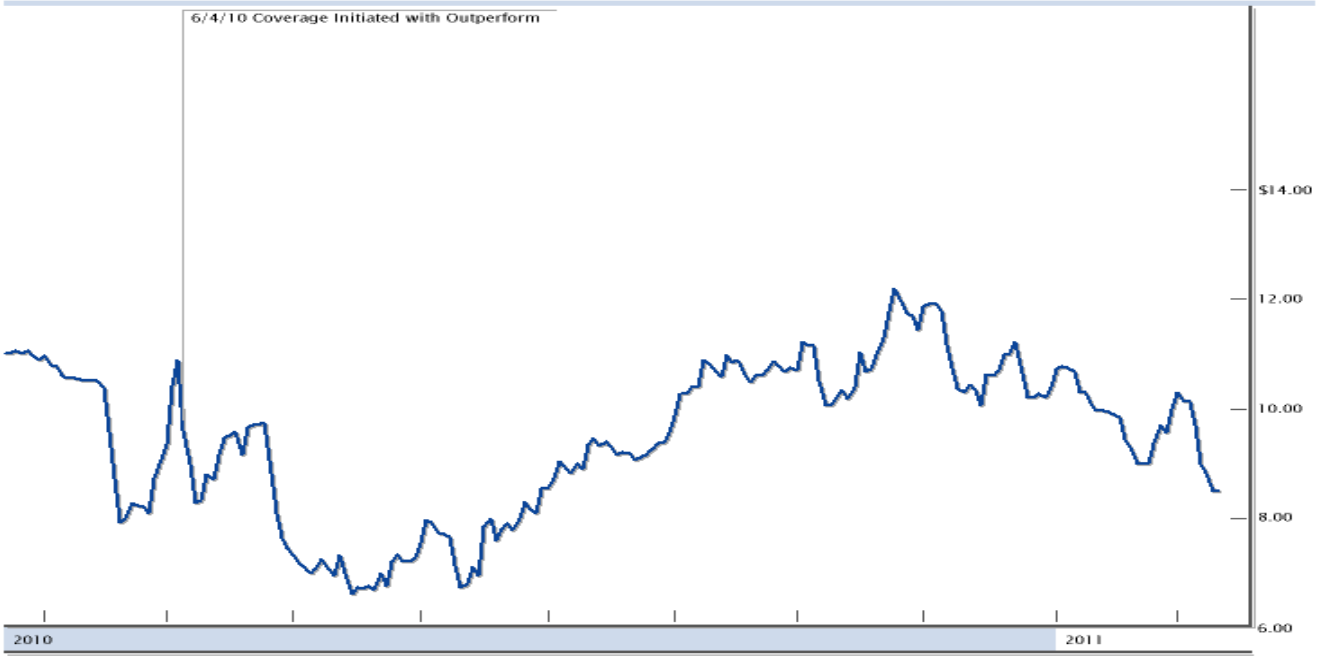
(a) Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period.

COWEN AND COMPANY RATING ALLOCATION (a)

Rating	Pct of companies under coverage with this rating	Pct for which Investment Banking services have been provided within the past 12 months
Buy (b)	49.5%	3.8%
Hold (c)	46.2%	1.5%
Sell (d)	4.3%	0.0%

(a) As of 12/31/2010. (b) Corresponds to "Outperform" rated stocks as defined in Cowen and Company, LLC's rating definitions (see above). (c) Corresponds to "Neutral" as defined in Cowen and Company, LLC's ratings definitions (see above). (d) Corresponds to "Underperform" as defined in Cowen and Company, LLC's ratings definitions (see above). Note: "Buy," "Hold" and "Sell" are not terms that Cowen and Company, LLC uses in its ratings system and should not be construed as investment options. Rather, these ratings terms are used illustratively to comply with NASD and NYSE regulations.

Cowen and Company Price and Ratings History



Pricing data provided by Reuters America. Chart as of 2/10/11 in USD.