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Emerging Company Research

Alimera Sciences — Outperform (1)

Iluvien 36-Month Efficacy Data Mixed, But Safety The Key For FDA

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Summary: Late yesterday, Alimera released top-line results from the two 36-month trials of Iluvien in DME. Iluvien did not achieve a statistically significant improvement in the primary efficacy endpoint (>=15-letter BCVA improvement from baseline) relative to control in the two individual trials, but the pooled data did achieve statistical significance (28.7% vs. 18.9%; p=0.018). Our clinical consultant believes the FDA will focus on the 24-month and 30-month efficacy data for Iluvien (for which both trials achieved statistical significance) and the 36-month data are more important for safety. The key safety parameters (IOP elevations, cataract formation) were consistent with the 24-month data, and our clinical consultant believes the data are likely to support approval and good clinical adoption. Alimera met with the FDA earlier this week and plans to file its response to the FDA's December CRL by the end of Q1. Assuming regulatory approval and moderate commercial success for Iluvien, we believe ALIM shares will outperform the market by 30%+ over the next 18 months.

- **36-Month Iluvien Efficacy Data Skewed By Background Therapy...** Iluvien achieved statistically significant efficacy relative to control in both trials at 30 and 33 months, but the control arm response steadily increased from month 30 through 36. Our clinical consultant notes that more of the control arm patients received laser treatments (62% vs 42% in the Iluvien arms) and other DME treatments (33% vs 15% in the Iluvien arms), which boosted the longer-term response of the control arm patients.

- **...But FDA Expected To Focus On Robust 24- And 30-Month Data.** Alimera's feedback from the FDA has been that the 24- and 30-month efficacy results - which were submitted with the NDA in June 2010, will be the data used to evaluate Iluvien's efficacy. The 36-month data will be reviewed primarily for longer-term safety.

- **Estimate Revisions Reflect Receipt Of CRL In December.**

ALIM (02/03)	**$10.14**
Mkt cap	**$315.4MM**
Dil shares out	31.1MM
Avg daily vol	92.9K
52-wk range	$6.3-12.7
Dividend	Nil
Dividend yield	Nil
BV/sh	$1.81
Net cash/sh	$1.76
Debt/cap	0.0%
ROIC (LTM)	NA
5-yr fwd growth (Norm)	NA
S&P 500	**1307.1**

Revenue $MM

FY Dec	2009 Actual	2010E Prior	2010E Current	2011E Prior	2011E Current	2012E Current	2013E Current
Q1	0.0	—	0.0A	—	0.0	—	—
Q2	0.0	—	0.0A	3.0	0.0	—	—
Q3	0.0	—	0.0A	8.0	0.0	—	—
Q4	0.0	—	0.0	14.0	5.0	—	—
Year	**0.0**	**—**	**0.0**	**25.0**	**5.0**	**75.0**	**125.0**
EV/S	—	—	—	—	60.9x	4.1x	2.4x

OpEPS* $

FY Dec	2009 Actual	2010E Prior	2010E Current	2011E Prior	2011E Current	2012E Current	2013E Current
Q1	(0.45)	—	(0.29)A	(0.20)	(0.25)	—	—
Q2	(0.28)	—	(0.27)A	(0.09)	(0.20)	—	—
Q3	(0.29)	—	(0.20)A	0.02	(0.21)	—	—
Q4	(0.28)	—	(0.26)	0.16	(0.19)	—	—
Year	**(1.30)**	**(1.05)**	**(1.00)**	**(0.10)**	**(0.85)**	**0.60**	**1.05**
P/E	—	—	—	—	—	16.9x	9.7x

*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 $5MM in 2011 (U.S. only), $90MM in 2012 (includes sales via partner(s) in the E.U.), $170MM in 2013, $260MM 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 a 15% DME patient share in the U.S. and a 10% patient share in Europe, coupled with Alimera's modest infrastructure requirements, we believe Iluvien can drive rapid profit growth for Alimera in 2012-2016. Factoring the Iluvien launch timing uncertainty, we and our clinical consultants continue to believe that Iluvien will be a successful treatment for DME, with $400MM+ WW sales potential in 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 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 15% DME patient share in the U.S. and a 10% patient share in Europe, coupled with Alimera's modest infrastructure requirements, we believe Iluvien can drive rapid profit growth for Alimera in 2012-2016. Factoring the Iluvien launch timing uncertainty, we and our clinical consultants continue to believe that Iluvien will be a successful treatment for DME, with $400MM+ WW sales potential in 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.

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 $15,000-20,000 for the 2-3 year implant).
2. Our clinical consultants indicate that the relatively high rate of serious IOP elevations requiring surgical intervention (4-5% 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.

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

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

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**
Projected FDA approval and launch	**Q3:2011/Q4:2011**
Iluvien Phase II results in AMD (dry, wet) and RVO	**H2:2011**
Projected EMA approval	**H1:2012**
Projected E.U. market launches (via partner)	**H1:2012**

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	Q1:11	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 readouts expected in H2:10; targeted NDA filing in Q2:10; targeted MAA filing 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:	$10.14		
Diluted Shares Outstanding (MM):	31.3		- Includes in-the-money options and employee shares
Equity Market Capitalization ($MM):	$317	110%	- Post-money valuation
Plus: LT Debt ($MM)	$25	9%	- $25MM milestone payable to pSivida upon Iluvien approval
Less Cash: ($MM)	$55		- Includes net IPO proceeds of $66.3MM
Total Enterprise Value ($MM):	$288		- Net enterprise value (EV)

	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Implied Multiples:									
Estimated Revenues (MM)	$0.0	$0.0	$5.0	$75.0	$125.0	$185.0	$245.0	$320.0	
Implied EV/Revenue			57.5x	3.8x	2.3x	1.6x	1.2x	0.9x	
Estimated EBITDA (MM)	($19.2)	($24.0)	($27.3)	$21.4	$57.8	$99.9	$137.3	$184.9	
Implied EV/EBITDA				13.4x	5.0x	2.9x	2.1x	1.6x	
Estimated Net Income (MM)	($29.3)	($27.7)	($27.2)	$21.7	$40.9	$65.7	$90.3	$121.7	
Implied Equity Value/Earnings (P/E)				13.3x	7.0x	4.4x	3.2x	2.4x	

Source: Company reports, Cowen and Company estimates

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

	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Product Sales ($MM)									
Iluvien - US Sales	$0.0	$0.0	$5.0	$70.0	$110.0	$160.0	$210.0	$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				28.5%	46.2%	54.0%	56.0%	57.8%	- High margin contribution
Est'd EBIT			($27.3)	$20.0	$50.8	$86.4	$117.6	$158.9	
Terminal Multiple	5.0								- NDA to be filed June 2010; priority review
Discount Rate	25%								- Marketed in US, Canada by Alimera
Present Value	**$341**								- Phase II for dry AMD
Per Share Valuation	**$10.89**								
Royalties	$0.0	$0.0	$0.0	$5.0	$15.0	$25.0	$35.0	$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	**$77**								
Per Share Valuation	**$2.47**								
Pipeline/Other	$0.0	$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)	**$418**								
Less: Debt	$25								- $15MM obligation to pSivida repaid post IPO
Plus: Cash & Investments	$55								- Includes net IPO proceeds of $66.3MM
Net Equity Value	**$448**								
Per Share Value	**$14.31**								

Source: Company reports, Cowen and Company estimates

ALIMERA - DISCOUNTED CASH FLOW ANALYSIS

ALIMERA SCIENCES - DISCOUNTED CASH FLOW ANALYSIS

Inputs:		*Output:*	
Current Share Price	$10.68	**Equity Value**	**$469.4**
WACC	14.0%	**Estimated Share Price**	**$15.00**
Discount Rate	18.0%	Long-Term Debt	$25
Diluted Shares Outstanding	31.3	Cash & Equivalents	$55
WC Inv as % of Sales Change	30.0%	Enterprise Value	$439.7

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Terminal
Iluvien - DME U.S. Sales ($MM)	$0	$0	$5	$70	$110	$160	$210	$250	$275	$300	$320	$340	
% Growth				+1300%	+57%	+45%	+31%	+19%	+10%	+9%	+7%	+6%	
Iluvien - Other Indications U.S. Sales ($MM)								$25	$80	$150	$200	$250	
NADPH Oxidase Inhibitors											$20	$50	
Royalties on Ex-US Sales			$0	$5	$15	$25	$35	$45	$46	$58	$66	$73	
Total Revenues	**$0.0**	**$0.0**	**$5.0**	**$75.0**	**$125.0**	**$185.0**	**$245.0**	**$320.0**	**$401.3**	**$507.5**	**$606.3**	**$712.5**	
% Growth	**nm**	**nm**	**nm**	**+1400%**	**+67%**	**+48%**	**+32%**	**+31%**	**+25%**	**+26%**	**+19%**	**+18%**	
Cost of Goods	$0.0	$0.0	$1.5	$8.4	$11.0	$12.8	$14.7	$17.9	$68	$73	$79	$85	
Gross Profit	$0.0	$0.0	$3.5	$63.6	$105.3	$157.4	$208.3	$271.4	$333.0	$421.2	$503.2	$591.4	
Gross Margin - Total	100.0%	100.0%	70.0%	84.8%	84.2%	85.1%	85.0%	84.8%	83.0%	83.0%	83.0%	83.0%	
SG&A	$4.2	$9.5	$16.3	$28.2	$33.5	$38.0	$46.0	$54.0	$62.2	$73.6	$84.9	$96.2	
% of Revs	nm	nm	326.0%	37.6%	26.8%	20.5%	18.8%	16.9%	15.5%	14.5%	14.0%	13.5%	
R&D	$15.1	$14.5	$14.5	$14.0	$14.0	$19.5	$25.0	$32.5	$51.4	$60.9	$69.7	$78.4	
% of Revs	nm	nm	290.0%	18.7%	11.2%	10.5%	10.2%	10.2%	12.8%	12.0%	11.5%	11.0%	
Operating Expenses	$19.2	$24.0	$30.8	$42.2	$47.5	$57.5	$71.0	$86.5	$113.6	$134.5	$154.6	$174.6	
% of Revenues	nm	nm	616.0%	56.3%	38.0%	31.1%	29.0%	27.0%	28.3%	26.5%	25.5%	24.5%	
Operating Income	($19.2)	($24.0)	($27.3)	$21.4	$57.8	$99.9	$137.3	$184.9	$219.5	$286.7	$348.6	$416.8	
% Operating Margin	nm	nm	nm	28.5%	46.2%	54.0%	56.0%	57.8%	54.7%	56.5%	57.5%	58.5%	
Total Non-Operating Income	($10.1)	($3.7)	$0.1	$0.3	$0.7	$1.2	$1.7	$2.3	$2.8	$3.3	$3.8	$4.3	
EBIT	($19.2)	($24.0)	($27.3)	$21.4	$57.8	$99.9	$137.3	$184.9	$219.5	$286.7	$348.6	$416.8	
% of Revs	nm	nm	nm	28.5%	46.2%	54.0%	56.0%	57.8%	54.7%	56.5%	57.5%	58.5%	
Pre-Tax Income	($29.3)	($27.7)	($27.2)	$21.7	$58.5	$101.1	$139.0	$187.2	$222.3	$290.0	$352.4	$421.1	
Taxes	$0.0	$0.0	$0.0	$0.0	$17.3	$35.0	$48.0	$64.7	$76.8	$100.4	$122.0	$145.9	
Income Tax Rate	0%	0%	0%	0%	30%	35%	35%	35%	35%	35%	35%	35%	
Net Income	($29.3)	($27.7)	($27.2)	$21.7	$41.1	$66.1	$90.9	$122.5	$145.5	$189.7	$230.4	$275.2	
% of Revs	nm	nm	nm	29%	33%	36%	37%	38%	36%	37%	38%	39%	
% Change	nm	nm	nm	nm	+90%	+61%	+37%	+35%	+19%	+30%	+21%	+19%	
NOPAT	($19.2)	($24.0)	($27.3)	$21.4	$40.4	$64.9	$89.2	$120.2	$142.7	$186.4	$226.6	$270.9	$1,505.2
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	0.2	(25.8)	(22.8)	(15.5)	(14.9)	(16.4)	(20.4)	(24.4)	(31.9)	(29.6)	(31.9)	
Operating Free Cash Flow	($26.1)	($25.8)	($51.2)	$0.7	$27.4	$53.0	$76.3	$104.0	$123.4	$160.4	$203.7	$246.7	**$1,370.3**
Invested Capital:													
Total Assets	$16.6	$36.6	$17.3	$62.6	$96.6	$166.2	$261.1						
- Cash & Equivalents	14.9	34.7	13.5	34.2	51.4	104.0	179.7						
- Long-term investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
- Non-interest bearing current liabilities	4.5	4.5	4.6	5.1	5.2	5.8	6.4						
Net Capital	($2.8)	($2.6)	($0.8)	$23.4	$39.9	$56.5	$75.0						
ROIC	nm	nm	nm	91.4%	101.2%	114.9%	118.9%						
ROE	nm	nm	nm	100.0%	62.1%	53.7%	44.3%						
Du Pont Analysis:													
Margin (Net Income/Sales)	nm	nm	nm	28.9%	32.9%	35.7%	37.1%						
Turnover (Sales/Total Assets)*	0.0%	0.0%	29.0%	119.7%	129.5%	111.3%	93.8%						
Leverage (Total Assets/Equity)*	-307.7%	124.3%	-2866.7%	144.3%	111.3%	107.2%	105.2%						
Du Pont calculated ROE	nm	nm	nm	50.0%	47.4%	42.7%	36.6%						

Source: Company reports, Cowen and Company, LLC estimates

ALIMERA - ESTIMATED 2009-2016 P&L BUILDUP ($MM)

	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	CGR	Comments
Product Sales	$0.0	$0.0	$0.0	$5.0	$70.0	$110.0	$160.0	$210.0	$275.0		- Alimera's U.S. sales of Iluvien
Royalties	0.0	0.0	0.0	0.0	5.0	15.0	25.0	35.0	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	0.0		
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$5.0**	**$75.0**	**$125.0**	**$185.0**	**$245.0**	**$320.0**		- Assumes 12-15% share for Iluvien
% Change	**nm**	**nm**	**nm**	**nm**	**nm**	**+67%**	**+48%**	**+32%**	**+31%**		
Cost of Product Sales	$0.0	$0.0	$0.0	$1.5	$8.4	$11.0	$12.8	$14.7	$17.9		- Iluvien @ 90%+ GPM
Est'd Profit Share to pSivida			0.0	0.0	3.0	8.8	14.8	22.1	30.7		- pSivida gets 20% of Iluvien profits
Gross Profit	$0.0	$0.0	$0.0	$3.5	$63.6	$105.3	$157.4	$208.3	$271.4		
Gross Margin - Product Sales	0.0%	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%	100.0%		
Gross Margin	100.0%	100.0%	100.0%	70.0%	84.8%	84.2%	85.1%	85.0%	84.8%		- Could be upside to GPM estimates
R&D	$43.8	$15.1	$14.5	$14.5	$14.0	$14.0	$19.5	$25.0	$32.5	+12%	- Iluvien in AMD; NADPH program
% Revenues	nm	nm	nm	290.0%	18.7%	11.2%	10.5%	10.2%	10.2%		
SG&A	$6.3	$4.2	$9.5	$16.3	$28.2	$33.5	$38.0	$46.0	$54.0	+44%	- Hiring 40-rep sales force in H2:2010
% Revenues	nm	nm	nm	326.0%	37.6%	26.8%	20.5%	18.8%	16.9%		Plan to expand over time
Total Operating Expenses	$50.1	$19.2	$24.0	$30.8	$42.2	$47.5	$57.5	$71.0	$86.5	+24%	
% Growth	+300%	nm	+25%	+28%	+37%	+13%	+21%	+23%	+22%		
Operating Income	**($50.1)**	**($19.2)**	**($24.0)**	**($27.3)**	**$21.4**	**$57.8**	**$99.9**	**$137.3**	**$184.9**		**- Iluvien margin drives P&L leverage**
% Growth	**nm**	**nm**	**nm**	**nm**	**nm**	**+170%**	**+73%**	**+37%**	**+35%**		
% Revenues	**nm**	**nm**	**nm**	**nm**	**28.5%**	**46.2%**	**54.0%**	**56.0%**	**57.8%**		**- High operating margin, incl. R&D**
Interest Income	$0.6	$0.0	$0.1	$0.1	$0.3	$0.7	$1.2	$1.7	$2.3		- $54.7MM at 9/30/10
Interest Expense	(1.5)	(1.9)	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0		- Interest on $15MM note to pSivida
Other	(7.3)	(8.2)	(3.2)	0.0	0.0	0.0	0.0	0.0	0.0		- Preferred stock accretion and dividends
Total Non-Operating Income	($8.2)	($10.1)	($3.7)	$0.1	$0.3	$0.7	$1.2	$1.7	$2.3		- Note retired in 4/2010
Pretax Income	($58.3)	($29.3)	($27.7)	($27.2)	$21.7	$58.5	$101.1	$139.0	$187.2		
% Revenues	nm	nm	nm	nm	28.9%	46.8%	54.6%	56.7%	58.5%		
Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$17.5	$35.4	$48.6	$65.5		- Assume fully taxed for valuation
Tax Rate	0.0%	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)	($10.5)	($23.1)	$9.0	($25.0)	$0.0	$0.0	$0.0	$0.0	$0.0		- Payments to pSivida
Net Income - Operations	**($58.3)**	**($29.3)**	**($27.7)**	**($27.2)**	**$21.7**	**$40.9**	**$65.7**	**$90.3**	**$121.7**		**- Profits estimated in 2012**
% Growth	**nm**	**nm**	**nm**	**nm**	**nm**	**+89%**	**+61%**	**+37%**	**+35%**		**- Fully-taxed for valuation purposes**
% Revenues	**nm**	**nm**	**nm**	**nm**	**29%**	**33%**	**36%**	**37%**	**38%**		
Net Income - Reported	**($68.8)**	**($52.4)**	**($18.7)**	**($52.2)**	**$21.7**	**$40.9**	**$65.7**	**$90.3**	**$121.7**		
EPS -Operations*	**($2.20)**	**($2.44)**	**($1.00)**	**($0.85)**	**$0.60**	**$1.05**	**$1.60**	**$2.10**	**$2.70**	**nm**	**- EPS breakout forecast in 2012-13**
% Change	**nm**	**nm**	**nm**	**nm**	**nm**	**+74%**	**+53%**	**+31%**	**+29%**		
Non-Recurring Gains (Charges)	**($0.39)**	**($1.93)**	**$0.32**	**($0.79)**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
EPS - Reported	**($13.39)**	**($10.27)**	**($0.67)**	**($1.64)**	**$0.60**	**$1.05**	**$1.60**	**$2.10**	**$2.70**	**nm**	
Shares (MM) - Diluted	26.5	12.0	27.8	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 2009-2016 REVENUE BUILDUP ($MM)

Product/*Indication*	Revenue Source		2009	2010E	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	$5.0	$70.0	$110.0	$160.0	$210.0	$250.0	- CRL on 12/23/2010; 20% profits to pSivida
											- Forecast launch in Q4:2011
	Europe, Other Markets					*$20.0*	*$60.0*	*$100.0*	*$140.0*	*$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	$15.0	$25.0	$35.0	$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	$5.0	$70.0	$110.0	$160.0	$210.0	$275.0	
Royalties			0.0	0.0	0.0	5.0	15.0	25.0	35.0	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**	**$5.0**	**$75.0**	**$125.0**	**$185.0**	**$245.0**	**$320.0**	**- U.S. sales of Iluvien**
% Change				**nm**	**nm**	**nm**	**+67%**	**+48%**	**+32%**	**+31%**	

Source: Company reports, Cowen and Company, LLC estimates

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

	2009					2010E					2011E				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4E	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	$5.0	$5.0
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**	**$5.0**	**$5.0**
% 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	$1.5	$1.5
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	$3.5	$3.5
Gross Margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	70.0%	70.0%
R&D	$4.5	$3.8	$3.6	$3.1	$15.1	$3.1	$4.1	$3.3	$4.0	$14.5	$4.0	$3.2	$3.3	$4.0	$14.5
% Revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	290.0%
SG&A	$1.0	$0.9	$1.0	$1.3	$4.2	$1.2	$1.6	$2.8	$4.0	$9.5	$3.8	$3.2	$3.5	$5.8	$16.3
% Revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	116.0%	326.0%
Total Operating Expenses	$5.5	$4.7	$4.6	$4.3	$19.2	$4.2	$5.7	$6.1	$8.0	$24.0	$7.8	$6.4	$6.8	$9.8	$30.8
% Revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	28.3%
Operating Income	**($5.5)**	**($4.7)**	**($4.6)**	**($4.3)**	**($19.2)**	**($4.2)**	**($5.7)**	**($6.1)**	**($8.0)**	**($24.0)**	**($7.8)**	**($6.4)**	**($6.8)**	**($6.3)**	**($27.3)**
% 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	0.0	(0.6)	0.0	0.0	0.0	0.0	0.0
Other	(4.2)	(1.1)	(0.0)	(2.9)	(8.2)	(2.4)	(0.7)	0.0	(0.1)	(3.2)	0.0	0.0	0.0	0.0	0.0
Total Non-Operating Income	($4.7)	($1.5)	($0.5)	($3.4)	($10.1)	($2.9)	($0.9)	$0.0	($0.0)	($3.7)	$0.0	$0.0	$0.0	$0.0	$0.1
Pretax Income	($10.2)	($6.3)	($5.1)	($7.7)	($29.3)	($7.1)	($6.5)	($6.1)	($8.0)	($27.7)	($7.8)	($6.4)	($6.8)	($6.3)	($27.2)
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)**	**($7.7)**	**($29.3)**	**($7.1)**	**($6.5)**	**($6.1)**	**($8.0)**	**($27.7)**	**($7.8)**	**($6.4)**	**($6.8)**	**($6.3)**	**($27.2)**
% Change	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Non-Recurring Gains (Charges)	($4.2)	($1.9)	($2.3)	($14.7)	($23.1)	$7.3	$1.7	$0.0	$0.0	$9.0	$0.0	$0.0	$0.0	($25.0)	($25.0)
EPS -Operations*	**($0.45)**	**($4.20)**	**($3.35)**	**($0.34)**	**($2.44)**	**($0.29)**	**($0.27)**	**($0.20)**	**($0.26)**	**($1.00)**	**($0.25)**	**($0.20)**	**($0.21)**	**($0.19)**	**($0.85)**
Non-Recurring Gains (Charges)	**($0.19)**	**($1.25)**	**($1.54)**	**($0.65)**	**($1.93)**	**$0.30**	**$0.07**	**$0.00**	**$0.00**	**$0.32**	**$0.00**	**$0.00**	**$0.00**	**($0.78)**	**($0.79)**
EPS - Reported	**($0.64)**	**($5.46)**	**($4.89)**	**($1.00)**	**($4.37)**	**$0.01**	**($0.20)**	**($0.20)**	**($0.26)**	**($0.67)**	**($0.25)**	**($0.20)**	**($0.21)**	**($0.97)**	**($1.64)**
Shares (MM) - Diluted	22.5	1.5	1.5	22.5	12.0	24.5	24.3	31.1	31.3	27.8	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)

	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Assets:										
Cash & Equivalents	$17.9	$14.9	$34.7	$13.5	$34.2	$51.4	$104.0	$179.7	$282.9	- Good cash generation post 2013
Marketable Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts Receivable	0.0	0.0	0.0	0.7	10.3	17.1	25.3	33.6	43.8	
Inventories	0.0	0.0	0.0	1.5	5.6	7.3	6.4	7.4	8.9	
Prepaids & Other Current Assets	1.6	1.4	1.4	0.8	11.3	18.8	27.8	36.8	48.0	
Total Current Assets	$19.5	$16.3	$36.1	$16.4	$61.3	$94.6	$163.5	$257.3	$383.7	
Property, Plant & Equipment	$0.8	$0.3	$0.5	$0.9	$1.4	$2.0	$2.8	$3.8	$4.8	
Other Long-Term Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Long-Term Assets	$0.8	$0.3	$0.5	$0.9	$1.4	$2.0	$2.8	$3.8	$4.8	
Total Assets	**$20.3**	**$16.6**	**$36.6**	**$17.3**	**$62.6**	**$96.6**	**$166.2**	**$261.1**	**$388.4**	
Liabilities:										
Accounts Payable	$1.6	$1.8	$2.0	$2.5	$3.5	$3.9	$4.7	$5.8	$7.1	- Modest working capital needs
Accrued & Other Liabilities	3.3	4.5	4.5	4.6	5.1	5.2	5.8	6.4	7.8	
Total Current Liabilities	$4.9	$6.2	$6.4	$7.2	$8.5	$9.1	$10.5	$12.2	$14.9	
Long-Term Debt	$15.0	$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	13.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	PSDV milestone
Total Liabilities	**$33.1**	**$21.9**	**$7.2**	**$17.9**	**$19.2**	**$9.8**	**$11.2**	**$12.9**	**$15.6**	
Net Equity	**($12.9)**	**($5.4)**	**$29.4**	**($0.6)**	**$43.4**	**$86.7**	**$155.0**	**$248.1**	**$372.8**	
Net Working Capital										
Excl. Cash & S.T. Debt	($6.6)	($9.3)	($9.5)	($8.8)	$13.5	$28.9	$43.3	$59.0	$78.1	
Current Ratio	4.0	2.6	5.6	2.3	7.2	10.4	15.6	21.0	25.8	
Long-Term Debt/Equity	nm	nm	nm	nm	nm	nm	nm	nm	nm	

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

	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Cash Flows From Operating Activities										
Net Income (Loss)	($58.3)	($29.3)	($27.7)	($27.2)	$21.7	$40.9	$65.7	$90.3	$121.7	
Depreciation & Amortization	0.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Other	17.8	0.3	0.0	(25.0)	0.0	0.0	0.0	0.0	0.0	- $25MM milestone pmt to PSDV
Stock Based Compensation	0.8	0.6	0.8	1.1	1.2	1.3	1.5	1.7	1.9	upon Iluvien approval
Net Working Capital Accounts	0.1	1.6	0.2	(0.8)	(22.8)	(15.5)	(14.9)	(16.4)	(20.4)	
Net Cash Used By Operating Activities	($39.5)	($25.7)	($25.6)	($50.8)	$1.2	$27.8	$53.4	$76.7	$104.2	
Cash Flows From Investing Activities										
Investments (net)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
Property & Equipment (net)	(0.6)	(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	0.0	
Net Cash Provided By Investing Activities	($0.6)	($0.1)	($0.2)	($0.4)	($0.5)	($0.6)	($0.8)	($1.0)	($1.0)	
Cash Flows From Financing Activities										
Common Stock (net)	$29.9	$4.9	$68.4	$20.0	$20.0	$0.0	$0.0	$0.0	$0.0	
Convertible Preferred	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Notes Payable (net)	0.0	0.0	(15.0)	10.0	0.0	(10.0)	0.0	0.0	0.0	- Funding required to pay PSDV
Other	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	milestone
Net Cash Provided By Financing Activities	$29.8	$14.9	$53.4	$30.0	$20.0	($10.0)	$0.0	$0.0	$0.0	
Net Change in Cash	**($10.3)**	**($10.8)**	**$27.6**	**($21.2)**	**$20.7**	**$17.2**	**$52.6**	**$75.7**	**$103.2**	
Ending Cash	**$17.9**	**$7.0**	**$34.7**	**$13.5**	**$34.2**	**$51.4**	**$104.0**	**$179.7**	**$282.9**	

COWEN SUMMARY

	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	Comments
Cash Flow From Operations	($39.5)	($25.7)	($25.6)	($50.8)	$1.2	$27.8	$53.4	$76.7	$104.2	
Capital Spending	(0.6)	(0.1)	(0.2)	(0.4)	(0.5)	(0.6)	(0.8)	(1.0)	(1.0)	
Owner's Cash Flow	($40.1)	($25.8)	($25.8)	($51.2)	$0.7	$27.2	$52.6	$75.7	$103.2	
Financing	$29.8	$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	$0.0	
Beginning Cash & Equivalents	$28.1	$17.9	$7.0	$34.7	$13.5	$34.2	$51.4	$104.0	$179.7	
Change In Cash & Equivalents	(10.3)	(10.8)	27.6	(21.2)	20.7	17.2	52.6	75.7	103.2	
Ending Cash & Equivalents	$17.9	$7.0	$34.7	$13.5	$34.2	$51.4	$104.0	$179.7	$282.9	

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
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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
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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.

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