

Alimera Sciences (ALIM)

Rating	OUTPERFORM* [V]
Price (03 Jun 10, US\$)	10.90
Target price (US\$)	16.00 ¹
52-week price range	11.06 - 7.93
Market cap. (US\$ m)	359.70
Enterprise value (US\$ m)	336.87

*Stock ratings are relative to the relevant country benchmark.

¹Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

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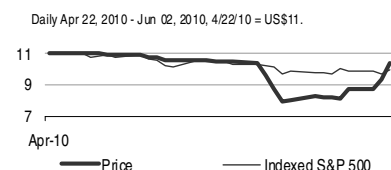
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FORECAST INCREASE

1Q Earnings Overshadowed by Wait for Iluvien

- **Upcoming Iluvien events obscure 1Q10 earnings.** Alimera's 1Q:2010 earnings report was not a material event. The main 2010 stock drivers remain Iluvien NDA filing around June 28, receipt of a priority review decision in August, and a late Dec. FDA decision assuming priority review.
- **1Q10 EPS was 5% above our estimate**, mainly due to lower marketing expense (\$0.25 MM versus our \$0.80 MM). Alimera reported EPS (excluding non-recurring items) of -\$4.37 (versus our -\$4.58), as shown in Exhibit 1. GAAP EPS was \$0.12, versus our -\$2.11, primarily due to an unforeseen \$3.3 MM benefit from a decrease in fair value of preferred stock. R&D expense was a bit below anticipated, at \$3.07 MM versus our \$3.20 MM.
- **Ex-US Iluvien deal is more likely after FDA approval.** Management stated that since there is not a pressing need to raise cash, the company will likely aim to sign an ex-US marketing collaboration for Iluvien after FDA approval to maximize deal value. This would likely place a deal no earlier than 1Q11, though the company's partnering discussions are ongoing.
- **We continue to like the stock for three main reasons:** (1) Alimera seeks to address a large, underserved market in diabetic macular edema (DME); (2) Iluvien has a differentiated product profile with demonstrated clinical advantages; and (3) Alimera's commercial model is leverageable and can potentially achieve high margins and rapid profitability.
- **Modest EPS change in 2010, unchanged in 2011-12.** Our 2010 EPS is raised from -\$1.61 to -\$1.58; 2011 (\$0.26) & 2012 (\$1.51) are unchanged.
- **Valuation and rating unchanged.** We maintain our Outperform rating with a target price of \$16, based on a discounted cash flow analysis (DCF).

Share price performance



On 06/02/10 the S&P 500 index closed at 1098.38

Quarterly EPS	Q1	Q2	Q3	Q4
2009A	—	—	—	—
2010E	-4.37	-0.34	-0.27	-0.40
2011E	-0.03	0.01	0.12	0.15

Financial and valuation metrics

Year	12/09A	12/10E	12/11E	12/12E
EPS (CS adj.) (US\$)	-19.30	-1.58	0.26	1.51
Prev. EPS (US\$)	—	-1.61	—	—
P/E (x)	NM	NM	41.6	7.2
P/E rel. (%)	NM	NM	375.0	73.6
Revenue (US\$ m)	—	—	96.5	197.7
EBITDA (US\$ m)	-18.1	-31.4	17.3	87.6
OCFPS (US\$)	-11.6	-1.9	-0.2	2.1
P/OCF (x)	—	-5.6	-57.5	5.2
EV/EBITDA (current)	-20.4	-10.7	19.8	3.1
Net debt (US\$ m)	10	-23	-16	-88
ROIC (%)	—	—	—	—
Number of shares (m)	33.00	IC (12/09A, US\$ m)	—	—
BV/share (current, US\$)	1.7	EV/IC (x)	—	—
Net debt (current, US\$ m)	-64.1	Dividend (12/09A, US\$)	—	—
Net debt/tot. cap. (%) (12/09A,	—	Dividend yield (%)	—	—

Source: Company data, Credit Suisse estimates.

DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S. ANALYSTS. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

1Q:2010 Variance Analysis

Exhibit 1: Alimera 1Q10 Variance Analysis

in thousands, unless otherwise stated

	1Q 2010		
	CS Forecast	Reported	VARIANCE
R&D Expense	\$3,200	\$3,065	(\$135)
Marketing Expense	800	247	(553)
G&A	<u>862</u>	<u>904</u>	<u>42</u>
Total SG&A	1,662	1,151	(511)
Total expenses	4,862	4,216	(646)
Operating Income/EBIT	<u>(\$4,862)</u>	<u>(\$4,216)</u>	<u>\$646</u>
Interest Income	4	2	(2)
Interest Expense	(332)	(474)	(142)
Pretax Income/(Loss)	(5,190)	(4,688)	502
Net income from continuing operations	<u>(\$5,190)</u>	<u>(\$4,688)</u>	<u>\$502</u>
Beneficial Conversion Feature	0	0	0
Preferred stock accretion	(156)	(359)	(203)
Preferred stock dividends	<u>(2,071)</u>	<u>(2,025)</u>	<u>46</u>
Net income to common	(7,417)	(7,072)	345
Wtd Avg Shares (basic and diluted)	1,618	1,619	1
Earnings per Share (excluding non-recurring items)	<u>(\$4.58)</u>	<u>(\$4.37)</u>	<u>\$0.22</u>
<u>Non-recurring items</u>			
(Increase)/Decrease in Fair Value of Preferred Stock Conversion Feature	0	3,265	3,265
Income from Discontinued Operations	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Net income to common including non-recurring items (GAAP net income)	(3,417)	193	3,610
GAAP EPS	<u>(\$2.11)</u>	<u>\$0.12</u>	<u>\$2.23</u>

Source: Company data, Credit Suisse estimates

Summary of Model Changes and Revised Model

Exhibit 2: Credit Suisse Model Changes for Alimera

in thousands, unless otherwise stated

	1Q10E	2Q10E	3Q10E	4Q10E	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
<u>R&D Expense</u>										
Old	3,200	4,800	4,600	4,500	17,100	21,200	22,815	24,847	27,081	29,539
Revised	<u>3,065</u>	<u>4,800</u>	<u>4,600</u>	<u>4,500</u>	<u>16,965</u>	<u>21,200</u>	<u>22,815</u>	<u>24,847</u>	<u>27,081</u>	<u>29,539</u>
Change	(135)	0	0	0	(135)	0	0	0	0	0
<u>Marketing Expense</u>										
Old	800	800	2,205	3,595	7,400	24,000	23,800	22,640	18,522	19,448
Revised	<u>247</u>	<u>500</u>	<u>2,000</u>	<u>5,000</u>	<u>7,747</u>	<u>24,000</u>	<u>23,800</u>	<u>22,640</u>	<u>18,522</u>	<u>19,448</u>
Change	(553)	(300)	(205)	1,405	347	0	0	0	0	0
<u>G&A Expense</u>										
Old	862	899	974	1,012	3,748	4,497	5,397	6,368	7,387	8,569
Revised	<u>904</u>	<u>899</u>	<u>974</u>	<u>970</u>	<u>3,748</u>	<u>4,497</u>	<u>5,397</u>	<u>6,368</u>	<u>7,387</u>	<u>8,569</u>
Change	42	0	0	(42)	0	0	0	0	0	0
<u>EBIT</u>										
Old	(4,862)	(6,499)	(8,754)	(11,132)	(31,248)	14,710	85,016	133,530	259,174	338,762
Revised	<u>(4,216)</u>	<u>(6,199)</u>	<u>(8,549)</u>	<u>(12,495)</u>	<u>(31,460)</u>	<u>14,710</u>	<u>85,016</u>	<u>133,530</u>	<u>259,174</u>	<u>338,762</u>
Change	646	300	205	(1,363)	(212)	0	0	0	0	0
<u>Net income from cont. ops.</u>										
Old	(\$5,190)	(\$6,597)	(\$8,707)	(\$11,090)	(\$31,584)	\$8,742	\$52,301	\$82,254	\$159,669	\$208,929
Revised	<u>(4,688)</u>	<u>(6,347)</u>	<u>(8,501)</u>	<u>(12,452)</u>	<u>(31,988)</u>	<u>8,726</u>	<u>52,302</u>	<u>82,258</u>	<u>159,666</u>	<u>208,929</u>
Change	\$502	\$250	\$206	(\$1,362)	(\$404)	(\$17)	\$1	\$4	(\$2)	(\$0)
<u>EPS</u>										
Old	(\$4.58)	(\$0.41)	(\$0.28)	(\$0.36)	(\$1.61)	\$0.26	\$1.51	\$2.32	\$4.41	\$5.63
Revised	<u>(\$4.37)</u>	<u>(\$0.34)</u>	<u>(\$0.27)</u>	<u>(\$0.40)</u>	<u>(\$1.58)</u>	<u>\$0.26</u>	<u>\$1.51</u>	<u>\$2.32</u>	<u>\$4.41</u>	<u>\$5.63</u>
Change	\$0.22	\$0.07	\$0.01	(\$0.04)	\$0.03	(\$0.00)	\$0.00	\$0.00	(\$0.00)	(\$0.00)

Source: Company data, Credit Suisse estimates

Exhibit 3: Alimera Summary of U.S. Revenue Model*in thousands, unless otherwise stated*

	FY 2007	FY 2008	FY 2009	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
Treatable Population									
Diagnosed diabetic population	17,900,000	18,347,500	18,806,188	19,276,342	19,758,251	20,252,207	20,758,512	21,277,475	21,809,412
Growth rate									
Annual incidence of DME (CSME)	232,700	238,518	244,480	250,592	256,857	263,279	269,861	276,607	283,522
% of diagnosed diabetics	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Effectively treated by laser	(69,810)	(71,555)	(73,344)	(75,178)	(77,057)	(78,984)	(80,958)	(82,982)	(85,057)
percentage	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
New patients available	162,890	166,962	171,136	175,415	179,800	184,295	188,902	193,625	198,466
Treatable population, year end <i>(assumed = trailing 3 yrs incidence)</i>			500,989	513,513	526,351	539,510	552,998	566,823	580,993
Iluvien									
Market share					2.0%	5.0%	8.0%	12.0%	15.0%
Total patients					10,527	26,975	44,240	68,019	87,149
Total units sold					14,276	28,977	38,574	64,048	80,327
Price per unit (net)					\$6,750	\$6,750	\$6,750	\$6,750	\$6,750
Net US sales					\$96,366	\$195,596	\$260,374	\$432,321	\$542,210
Assumed retreatment rates									
Bilateral disease (second eye)					40%	40%	40%	40%	40%
Second treatment					50%	50%	50%	50%	50%
Third treatment					25%	25%	25%	25%	25%

Source: Company data, Credit Suisse estimates

Exhibit 4: Alimera Income Statement Forecast
n thousands, unless otherwise stated

	FY 2007	FY 2008	FY 2009	1Q10E	2Q10E	3Q10E	4Q10E	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
Iluvien - US									\$96,366	\$195,596	\$260,374	\$432,321	\$542,210
Iluvien - ROW royalty (based on below sales)									\$100	\$2,074	\$7,824	\$10,415	\$17,293
Total net sales									\$96,466	\$197,669	\$268,197	\$442,736	\$559,503
Iluvien - ROW sales										\$10,368	\$39,119	\$52,075	\$86,464
% of prior year's US sales										11%	20%	20%	20%
COGS									3,569	7,244	9,643	16,012	20,082
Profit Sharing									10,102	28,307	41,186	73,410	94,218
Gross margin									82,795	162,118	217,368	353,314	445,204
R&D Expense	8,363	13,964	15,057	3,065	4,800	4,600	4,500	16,965	21,200	22,815	24,847	27,081	29,539
Marketing Expense	969	1,259	752	247	500	2,000	5,000	7,747	24,000	23,800	22,640	18,522	19,448
Sales Force Expense	0	0	0	0	0	975	2,025	3,000	12,600	13,230	13,892	14,586	15,315
Logistics	0	0	0	0	0	0	0	0	5,788	11,860	16,092	26,564	33,570
G&A	3,184	3,758	3,407	904	899	974	970	3,748	4,497	5,397	6,368	7,387	8,569
Total SG&A	4,153	5,017	4,159	1,151	1,399	3,949	7,995	14,495	46,885	54,287	58,991	67,059	76,903
Total expenses	12,516	18,981	19,216	4,216	6,199	8,549	12,495	31,460	68,085	77,102	83,838	94,140	106,442
Operating Income/EBIT	(12,516)	(18,981)	(19,216)	(4,216)	(6,199)	(8,549)	(12,495)	(\$31,460)	\$14,710	\$85,016	\$133,530	\$259,174	\$338,762
Interest Income	1,079	585	37	\$2	\$11	\$48	\$43	104	45	167	440	869	1,512
Interest Expense	(2)	(1,514)	(1,897)	(474)	(158)	0	0	(632)	0	0	0	0	0
Pretax Income/(Loss)	(\$11,439)	(\$19,910)	(\$21,076)	(\$4,688)	(\$6,347)	(\$8,501)	(\$12,452)	(\$31,988)	\$14,754	\$85,183	\$133,970	\$260,043	\$340,274
Tax Expense/(benefit), fully taxed					0	0	0	0	6,029	32,881	51,713	100,377	131,346
Net income from continuing operations	(\$11,439)	(\$19,910)	(\$21,076)	(\$4,688)	(\$6,347)	(\$8,501)	(\$12,452)	(\$31,988)	\$8,726	\$52,302	\$82,258	\$159,666	\$208,929
Benefit Conv Feature of Pfd Stock			(355)										
Preferred stock accretion	(248)	(718)	(623)	(359)	(120)			(479)					
Preferred stock dividends	(4,685)	(6,573)	(7,225)	(2,025)	(675)	0	0	(2,700)	0	0	0	0	0
Net income to common	(\$16,372)	(\$27,201)	(\$29,279)	(\$7,072)	(\$7,141)	(\$8,501)	(\$12,452)	(\$35,167)	\$8,726	\$52,302	\$82,258	\$159,666	\$208,929
Wtd Avg Shares (diluted)	1,500	1,510	1,517	1,619	21,251	31,061	31,068	22,220	33,285	34,575	35,412	36,199	37,126
Earnings per Share (diluted)	(\$10.92)	(\$18.01)	(\$19.30)	(\$4.37)	(\$0.34)	(\$0.27)	(\$0.40)	(\$1.58)	\$0.26	\$1.51	\$2.32	\$4.41	\$5.63
Margins & Growth													
Margin Analysis													
ROW royalty, % of sales										20.0%	20.0%	20.0%	20.0%
Gross margin, excl profit share										96.3%	96.4%	96.4%	96.4%
Gross margin									85.8%	82.0%	81.0%	79.8%	79.6%
Rsch & Devel. % sales									22.0%	11.5%	9.3%	6.1%	5.3%
Marketing % sales									24.9%	12.0%	8.4%	4.2%	3.5%
Sales force % sales									13.1%	6.7%	5.2%	3.3%	2.7%
Logistics % sales									6.0%	6.0%	6.0%	6.0%	6.0%
G&A % sales									4.7%	2.7%	2.4%	1.7%	1.5%
Total SG&A % sales									48.6%	27.5%	22.0%	15.1%	13.7%
EBIT margin									15.2%	43.0%	49.8%	58.5%	60.5%
Effective tax rate									38.6%	38.6%	38.6%	38.6%	38.6%
Net margin									9.0%	26.5%	30.7%	36.1%	37.3%
Growth Analysis													
Net sales										104.9%	35.7%	65.1%	26.4%
Gross margin										95.8%	34.1%	62.5%	26.0%
Research & Development									25.0%	7.6%	10.0%	10.0%	10.0%
Marketing									209.8%	(0.8%)	(4.9%)	(18.2%)	5.0%
Sales force									320.0%	5.0%	5.0%	5.0%	5.0%
Logistics										104.9%	35.7%	65.1%	26.4%
G&A		18.0%						10.0%	20.0%	20.0%	18.0%	16.0%	16.0%
Total SG&A									223.5%	15.8%	8.7%	13.7%	14.7%
EBIT									(146.8%)	478.0%	57.1%	94.1%	30.7%
Net income									(124.8%)	499.4%	57.3%	94.1%	30.9%
Earnings per Share										477.1%	53.6%	89.9%	27.6%

Source: Company data, Credit Suisse estimates

Exhibit 5: Alimera Balance Sheet Forecast*n thousands, unless otherwise stated*

	FY 2008	FY 2009	1Q10	2Q10	3Q10	4Q10	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
ASSETS												
Current Assets												
Cash & cash equivalents	\$17,875	\$4,858	\$14,178	\$64,053	\$57,378	\$22,829	\$22,829	\$16,319	\$88,083	\$173,895	\$302,485	\$494,311
Accounts receivable								30,699	56,978	67,049	110,684	139,876
Inventory				0	0	663	663	1,564	2,411	4,003	5,020	4,292
Prepaid Expenses	1,593	634	751	665	680	697	697	767	844	928	1,021	1,123
Prelaunch Costs Receivable - pSivida								1,087	0	0	0	0
Other current assets		815	1,093									
Total current assets	\$19,468	\$6,307	\$16,022	\$64,718	\$58,058	\$24,190	\$24,190	\$50,436	\$148,316	\$245,875	\$419,210	\$639,602
Long-term Assets												
Property and Equipment, net	796	254	229	265	298	330	330	437	519	589	642	682
Deferred tax assets				0	0	0	0	47,286	14,405	0	0	0
Other assets						25,000	25,000	\$22,500	\$20,000	\$17,500	\$15,000	\$12,500
TOTAL ASSETS	\$20,264	\$6,561	\$16,251	\$64,983	\$58,356	\$49,519	\$49,519	\$120,658	\$183,240	\$263,965	\$434,853	\$652,783
LIABILITIES AND EQUITY												
Current Liabilities												
Accounts Payable & Accrued Interest	\$1,575	\$1,758	\$2,841	\$6,199	\$7,574	\$10,470	\$10,470	\$14,131	\$16,315	\$17,487	\$19,889	\$22,782
Accrued Expenses	2,308	3,314	2,258	2,600	3,000	3,645	3,645	5,833	9,332	4,371	5,034	5,808
Outsourced Services Payable	1,024	1,157	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440
Note Payable		4,500	6,000	0	0	0	0	0	0	0	0	0
Capital Lease Obligations	10	6	5	5	5	0	0	0	0	0	0	0
Total Current Liabilities	\$4,917	\$10,735	\$12,544	\$10,244	\$12,019	\$15,555	\$15,555	\$21,403	\$27,087	\$23,298	\$26,362	\$30,030
Long-term Liabilities												
Note Payable, less Current Portion	15,000	10,500	9,000	0	0	0	0	0	0	0	0	0
Capital Lease Obligations	6											
Profit Share Payable to pSivida								3,285	7,795	10,297	18,353	23,554
Fair Value of Pfd Stk Conv Feature	12,656	36,701	36,907	0	0	0	0	0	0	0	0	0
Other Long-term Liabilities	555	708	524	600	700	779	779	857	942	697	799	932
Total Long-term Liabilities	28,217	47,909	46,431	600	700	779	779	4,142	8,737	10,994	19,151	24,486
Preferred Stock												
Series A Redeemable Preferred Stock	34,199	36,467	37,026									
Series B Redeemable Preferred Stock	37,963	40,617	41,271									
Series C Redeemable Preferred Stock	30,855	33,452	34,092									
Series C-1 Redeemable Preferred Stock		2,853	11,382									
Total Preferred Stock	103,017	113,389	123,771	0								
Shareholders' Equity												
Common Stock	51	54	56	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957
Add'l Paid-in Capital	3,474	4,836	5,090	230,964	230,964	230,964	230,964	230,964	230,964	230,964	230,964	230,964
Series C-1 Preferred Warrants		1,472	0	0	0	0	0	0	0	0	0	0
Common Stock Warrants	58	57	57	57	57	57	57	57	57	57	57	57
Retained Earnings/(deficit)	(119,470)	(171,891)	(171,698)	(178,839)	(187,341)	(199,793)	(199,793)	(137,865)	(85,563)	(3,305)	156,361	365,290
Total shareholders' equity	(115,887)	(165,472)	(166,495)	54,138	45,637	33,185	33,185	95,113	147,415	229,673	389,339	598,268
TOTAL LIABILITIES & EQUITY	\$20,264	\$6,561	\$16,251	\$64,983	\$58,356	\$49,519	\$49,519	\$120,658	\$183,240	\$263,965	\$434,853	\$652,783

Source: Company data, Credit Suisse estimates

Exhibit 6: Alimera Cash Flow Statement Forecast*n thousands, unless otherwise stated*

	FY 2008	FY 2009	2010									
			1Q10	2Q10	3Q10	4Q10	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E
STATEMENT OF CASH FLOWS												
Net income/(loss)	(\$61,464)	(\$44,218)	\$2,577	(\$6,347)	(\$8,501)	(\$12,452)	(\$24,723)	\$61,928	\$52,302	\$82,258	\$159,666	\$208,929
Depreciation & Amortization	241	1,098	\$16	\$14	\$17	\$19	\$65	93	117	130	147	161
Change in Fair Value of Pfd Stk Conv Feature	10,454	23,142	(2,953)				(\$2,953)					
Stock Compensation Expense	750	551										
Noncash R&D Expense	17,809	300										
<u>Change in Current Assets:</u>												
Decr/(Incr) in Accounts Receivable			0	0	0	0	0	(30,699)	(26,279)	(10,072)	(43,635)	(29,192)
Decr/(Incr) in Inventory			0	0	0	(663)	(663)	(900)	(847)	(1,592)	(1,017)	729
Decr/(Incr) in Prepaid Expenses	(1,213)	591	(117)	86	(15)	(17)	(63)	(70)	(77)	(84)	(93)	(102)
Decr/(Incr) in Prelaunch Costs Recvbl			0	0	0	0	0	(1,087)	1,087	0	0	0
Decr/(Incr) in Other Curr. Assets			(278)	1,093	0	0	815	0	0	0	0	0
<u>Change in Current Liabilities:</u>												
Incr/(decr) in Accounts Payable	615	183	1,083	3,358	1,375	2,895	8,712	3,661	2,184	1,171	2,402	2,893
Incr/(decr) in Accr. Exps. & Other Curr. Liabs.	85	705	(774)	342	400	640	608	2,187	3,500	(4,961)	662	774
<u>Change in Other Assets & Liabilities:</u>												
Decr/(Incr) in defd tax assets			0	0	0	0	0	(47,286)	32,881	14,405	0	0
Decr/(Incr) in other long-term assets	24		0	0	0	(25,000)	(25,000)	2,500	2,500	2,500	2,500	2,500
Incr/(Decr) in other long-term liabs.	540	153	(184)	76	100	79	71	78	86	(245)	101	133
Incr/(decr) in profit split payable			0	0	0	0	0	3,285	4,510	2,501	8,056	5,202
Cash from Discontinued Operations	43	(43)										
Cash from Operating Activities	(\$32,116)	(\$17,538)	(\$630)	(\$1,377)	(\$6,625)	(\$34,499)	(\$43,131)	(\$6,310)	\$71,965	\$86,011	\$128,790	\$192,026
Purchase of PP&E	(640)	(65)	(\$50)	(\$50)	(\$50)	(\$50)	(\$200)	(200)	(200)	(200)	(200)	(200)
Other												
Cash from Investing Activities	(640)	(65)	(\$50)	(\$50)	(\$50)	(\$50)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)
Increase/(Decr.) in Note Payable			0	(15,000)	0	0	(15,000)	0	0	0	0	0
Proceeds from Series C Stock Offering	29,938											
Proceeds from Series C-1 Stock Offering		4,897										
Proceeds from Exercise of Stock Options		7										
Repurchase of Common Stock	(150)											
Proceeds from Common Stock Offering				\$66,302			\$66,302					
Proceeds from Exercise of Warrants	6	31	\$10,000				\$10,000					
Deferred Offering Costs		(339)										
Payments on Capital Lease Obligations	(10)	(10)										
Cash from Financing Activities	\$29,784	\$4,586	\$10,000	\$51,302	\$0	\$0	\$61,302	\$0	\$0	\$0	\$0	\$0
Net Increase/(Decrease) in Cash	(\$2,972)	(\$13,017)	\$9,320	\$49,875	(\$6,675)	(\$34,549)	\$17,971	(\$6,510)	\$71,765	\$85,811	\$128,590	\$191,826
Cash at beginning of year	20,847	17,875	\$4,858	\$14,178	\$64,053	\$57,378	\$4,858	22,829	16,319	88,083	173,895	302,485
Cash at end of year	\$17,875	\$4,858	\$14,178	\$64,053	\$57,378	\$22,829	\$22,829	\$16,319	\$88,083	\$173,895	\$302,485	\$494,311

Source: Company data, Credit Suisse estimates

Companies Mentioned (Price as of 03 Jun 10)

Alimera Sciences (ALIM, \$10.90, OUTPERFORM [V], TP \$16.00)

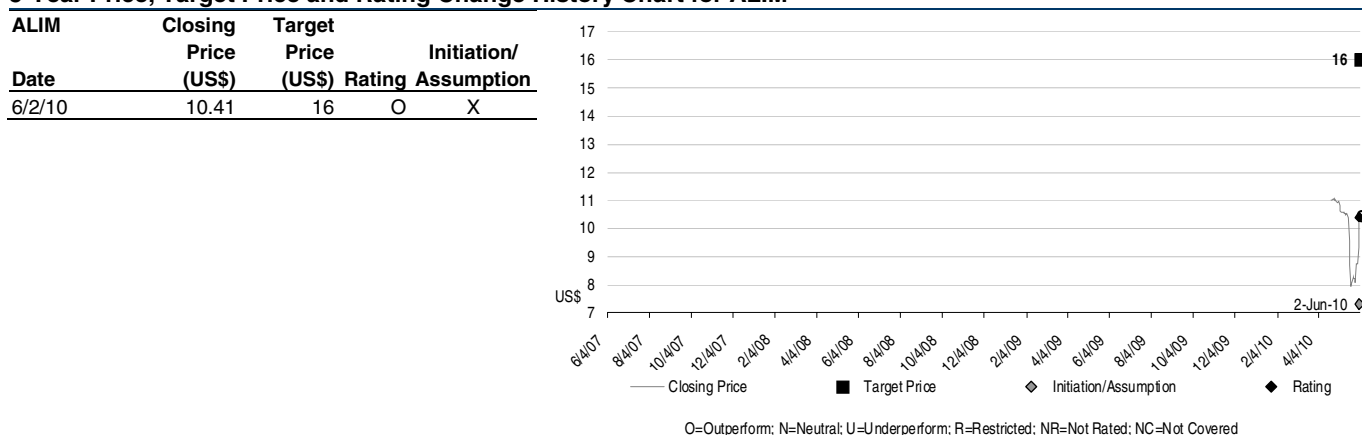
Disclosure Appendix

Important Global Disclosures

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3-Year Price, Target Price and Rating Change History Chart for ALIM



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Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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Price Target: (12 months) for (ALIM)

Method: Our \$16 target price for ALIM is based on a discounted cash flow analysis (DCF). We have estimated ALIM's future cash flows by forecasting the company's income statement, balance sheet and cash flows through 2020 (the year of patent expiration), and by assuming a fading of cash flows to zero by 2030, with no terminal value. We have used this methodology because we believe that the vast majority of ALIM's value is attributable to a single product, Iluvien, with a finite commercial life. We have applied a 75% probability of success adjustment to our cash flow estimates to account for the risks to approval and launch of the Iluvien. We have used a 12% discount rate for our DCF, applied to the probability-adjusted cash flows. Our ALIM revenue forecast is based on our estimates for the addressable patient population in diabetic macular edema, and our assumption that Iluvien will achieve a peak penetration rate of 15%.

Risks: Risks to our \$16 target price include: (1) single product risk (ALIM's value is virtually entirely attributable to Iluvien, and the company's near to medium term revenues, profits and value depend on the FDA's approval and Alimera's successful commercialization of Iluvien in diabetic macular edema. There is little visibility on additional indications for Iluvien or on the new product pipeline; (2) regulatory risk to timely Iluvien approval, due to missed statistical significance on the MART data set, the possibility that the FDA may wait for 3 year FAME data before issuing an approval decision, and the possibility that FDA may not grant priority review; (3) commercial risk, due to the presence of several established treatments for DME and competing companies that are better-capitalized and have a longer-standing presence in the ophthalmology community than ALIM; (4) liquidity and financing risk, due to the potential need for ALIM to raise additional funds, particularly if Iluvien approval is delayed beyond the expected December 2010; and (5) reimbursement risk, as securing reimbursement from payors is crucial to Iluvien's success and the fact that Iluvien will compete against some relatively inexpensive products.

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