



DISCOVERY LABORATORIES, INC.

FOR IMMEDIATE RELEASE:

DISCOVERY LABORATORIES AND AEROGEN COLLABORATE FOR AEROSOL DELIVERY OF SURFACTANTS FOR THE TREATMENT OF RESPIRATORY DISEASE IN THE HOSPITAL

DOYLESTOWN, PA and MOUNTAIN VIEW, CA, July 29, 2002 -- Discovery Laboratories, Inc. (Nasdaq: DSCO) and Aerogen, Inc. (Nasdaq: AEGN), today announced they have entered into a collaborative relationship to evaluate the use of Discovery's proprietary humanized lung surfactant with Aerogen's Aeroneb[®] Professional Nebulizer System ("Aeroneb Pro"), for the delivery of aerosolized surfactants to prevent and treat respiratory disease in the hospital. The successful development of aerosolized surfactant therapies provides the opportunity to address a potential worldwide market estimated at \$5 billion.

Surfactants are protein/lipid compositions that are produced naturally in the lungs and are critical to the lungs' ability to absorb oxygen. A lack or deficiency of surfactant is associated with several severe respiratory diseases including acute lung injury, acute respiratory distress syndrome, severe asthma and chronic obstructive pulmonary disease, which often result in the need for mechanical ventilation in the hospital. Currently available animal- derived surfactants have been effective in treating premature infants that lack surfactant, but several drawbacks and limitations of these products make it difficult to treat other respiratory diseases. Presently, Discovery is developing the only humanized, engineered version of natural human lung surfactant for the treatment of respiratory diseases that can be produced economically, in large quantities as a high quality pharmaceutical without the risk of potential transmission of animal-borne diseases or adverse immunological reactions.

Aerogen's commercially available Aeroneb Pro is a new nebulizer designed to provide efficient drug delivery for respiratory therapy, particularly for patients who require mechanical ventilation. Drug treatment for these patients is typically provided via small volume nebulizers, metered dose inhalers or ultrasonic nebulizers. However, these products can pose limitations to patient care, often resulting in low deposition of drug in the lungs, frequent ventilator interruption, interference with ventilator performance or heat degradation of medication. The Aeroneb Pro is designed to achieve a high level of efficiency by use of its proprietary technology, which produces a fine-particle, low speed aerosol, designed to maximize drug deposition in the lungs, without generating heat or requiring propellants or compressors. The product easily fits in-line with ventilator tubing and does not require interruption of the ventilator circuit to administer drugs. The Aeroneb Pro can be used with any hospital ventilator system or off the ventilator to treat patients anywhere in the hospital, including the emergency room, the hospital floor and during patient transport.

The collaboration will investigate the application of the Aeroneb Pro with Discovery's humanized lung surfactant for pulmonary delivery to the lungs of mechanically ventilated patients. The initial investigations will include the selection of target formulation strengths and

aerosol delivery parameters using an *in vitro* model of adult mechanical ventilation, in preparation for clinical evaluation.

“We are very excited to collaborate with Discovery Laboratories. Delivery of a humanized lung surfactant in aerosol form will be a significant step forward for respiratory medicine. The integration of their humanized surfactant with our Aeronex Pro platform has the potential to achieve a marked improvement in respiratory drug therapy in the critical care setting,” said Jane E. Shaw, Ph.D., Chairman and CEO of Aerogen. “This collaboration fits perfectly with our strategy to deliver a wide range of novel drugs for hospital therapy; to date, many important respiratory therapies have not been cost effective to pursue due to the inefficiencies of existing aerosol delivery technology,” continued Dr. Shaw.

“The Aeronex Pro technology offers a unique opportunity for use with mechanical ventilators common to the Intensive Care Unit.” Dr. Robert J. Capetola, Ph.D., President and CEO of Discovery stated. “Our lead product Surfaxin[®], a humanized lung surfactant in a liquid instillate formulation, is in late stage clinical trials for critical care indications. Assessing aerosol formulations of humanized lung surfactant in the Aeronex Pro, a product bringing significant technological advances in nebulizers in the critical care setting, is a logical next step in developing aerosol surfactant technology for respiratory therapy.”

About Discovery Laboratories

Discovery Laboratories, Inc. is a specialty pharmaceutical company leveraging its platform technology in humanized lung surfactants to develop potential novel respiratory therapies and pulmonary drug delivery products. Discovery’s technology is being developed initially for critical care patients with life-threatening respiratory disorders where there are few or no approved therapies available. Surfaxin, Discovery’s lead product, is currently in two pivotal Phase 3 multi-national clinical trials for Respiratory Distress Syndrome (RDS) in premature infants, a Phase 3 clinical trial for Meconium Aspiration Syndrome (MAS) in full-term infants, and a Phase 2 clinical trial for Acute Respiratory Distress Syndrome (ARDS) in adults. Aerosol formulations of Discovery’s humanized surfactant technology are being developed in an effort to treat other respiratory conditions such as asthma and as a novel pulmonary drug delivery vehicle to render drugs more effective when delivered to or via the respiratory tract. To serve the critical care marketplace, Discovery is developing a dedicated sales and marketing capability through a collaboration with Quintiles Transnational Corp for the United States, and has a strategic alliance with Laboratorios del Dr. Esteve S.A for Europe and Latin America. Interested parties can receive corporate updates by sending their email addresses to dsc@focuspartners.com. More information about Discovery Laboratories is available on Discovery's Web site at www.discoverylabs.com.

About Aerogen, Inc.

Aerogen, an emerging specialty pharmaceutical company, is developing inhaler and nebulizer products, based on its proprietary aerosol generator technology, for the treatment of respiratory disorders in the home and hospital markets. Aerogen is also applying its technology to develop products in collaboration with pharmaceutical and biotechnology companies for the treatment of respiratory and other disorders, including diabetes. Aerogen now markets two Aeronex nebulizer systems, one optimized for professional use in the hospital and the other for home use. Aerogen Aero dose[®] inhaler products, in development, have advanced into Phase 2 clinical trials. Additional products are in the feasibility and pre-clinical stages of development.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy any securities of Discovery or Aerogen. To the extent that statements in this press release are not strictly historical, including statements as to either company's business strategy, outlook, objectives, plans intentions, goals, future financial conditions, future collaboration agreements, the success of their product development, or otherwise as to future events, such statements are forward-looking, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained in this release are subject to certain risks and uncertainties that could cause actual results to differ materially from the statements made. Among the factors which could affect actual results and could cause results to differ from those contained in the forward-looking statements contained herein are the risk that financial conditions may change, the risk that either company will not be able to raise additional capital or enter into additional collaboration agreements, risks relating to the progress of research and development and the development of competing therapies and/or technologies by other companies. Those associated risks and others are further described in the respective company's periodic filings with the Securities and Exchange Commission including the most recent reports on Forms 10-KSB, 10-K, 8-K, 10-QSB and 10-Q, and amendments thereto, as applicable. Statements in this press release regarding Discovery and Aerogen have, as indicated, been made by each respective company and are that company's sole responsibility.

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