



DISCOVERY LABORATORIES, INC.

FOR IMMEDIATE RELEASE:

DISCOVERY AND COLLAGENEX COLLABORATE TO DEVELOP NOVEL TREATMENTS FOR RESPIRATORY DISEASES

The use of Discovery's humanized lung surfactant combined with CollaGenex's IMPACS compounds has the potential to treat many chronic and acute lung disorders.

Doylestown, PA and Newtown, PA, October 17, 2002 – Discovery Laboratories, Inc. (Nasdaq: DSCO) and CollaGenex Pharmaceuticals, Inc. (Nasdaq: CGPI), today announced a research collaboration to evaluate the combination of their platform technologies for the development of novel respiratory disease therapeutics. The two companies will collaborate on the preclinical evaluation of an aerosolized formulation of Discovery's humanized lung surfactants combined with CollaGenex's IMPACS[®] (Inhibitors of Multiple Proteases and CytokineS) compounds for the treatment of respiratory diseases.

The objective of the collaboration will be to develop and assess formulations of humanized lung surfactant and protease inhibitors as potential treatments for diseases such as Chronic Obstructive Pulmonary Disease (COPD), Cystic Fibrosis, Chronic Interstitial Lung Disease and Acute Lung Injury (ALI). COPD, which includes chronic bronchitis and emphysema, affects over 100 million people worldwide and is the fourth leading cause of death in the United States.

“Many lung diseases, such as COPD and ALI, are characterized by inflammation and destruction of the connective tissue of the lung,” said Brian M. Gallagher, PhD, Chairman, President, and Chief Executive Officer of CollaGenex. “Periostat[®], the first IMPACS product, treats periodontitis by inhibiting these pathological processes in gum tissue. We are excited about the potential of Discovery's technology to deliver our IMPACS compounds directly to lung tissue and to improve treatment outcomes for patients with both chronic and acute lung diseases.”

“This collaboration with CollaGenex is a further step in realizing the potential of humanized lung surfactants for respiratory medicine,” said Robert J. Capetola, PhD, President and Chief Executive Officer of Discovery. “Data has demonstrated that our surfactant technology has the ability to reestablish airway patency, improve pulmonary mechanics, act as a protective barrier and possesses anti-inflammatory properties. Discovery is the only company developing a humanized, engineered version of natural human lung surfactant for the treatment of respiratory diseases that may be produced economically, in large quantities and as a high quality pharmaceutical. The combination of a complete humanized surfactant with a protease inhibitor offers one of the most exciting approaches to improved therapies for respiratory diseases.”

Surfactants are protein/lipid compositions that are produced naturally in the lungs and are critical to the lung's ability to absorb oxygen. A lack or deficiency of surfactant is associated with several severe respiratory diseases. Currently available animal-derived surfactants have several drawbacks that have limited their use and consequently, surfactant therapy has been unavailable to many people with respiratory diseases that would greatly benefit from it. IMPACS compounds have been shown to down regulate inflammation and the associated connective tissue destruction which occurs in multiple pathologies, including in animal models of acute lung disease.

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 information by sending their email addresses to dsco@focuspartners.com. In addition, information about Discovery Laboratories is available on the Company's Web site at www.discoverylabs.com.

About CollaGenex Pharmaceuticals

CollaGenex Pharmaceuticals, Inc. is a specialty pharmaceutical company currently focused on providing innovative medical therapies to the dental and dermatology markets. Currently, the Company's 120-person professional dental pharmaceutical sales force markets Periostat, the first and only pharmaceutical to treat periodontal disease by inhibiting the enzymes that destroy periodontal support tissues, Vioxx(R), a Merck & Co. drug that CollaGenex co-promotes for the treatment of acute dental pain, and Atridox(R), Atrisorb(R) and Atrisorb-D(R), Atrix Laboratories Inc.'s products for the treatment of adult periodontitis. Research has shown that the enzyme suppression technology underlying Periostat may also be applicable to other diseases involving inflammation and/or destruction of the body's connective tissues, including acne, rosacea, meibomianitis and cancer metastasis, among others. CollaGenex is further developing Periostat, as well as a series of novel, proprietary compounds known as IMPACS (Inhibitors of Multiple Proteases and Cytokines), to address these applications. In addition CollaGenex has licensed the Restoraderm(TM) technology, a unique, proprietary dermal drug delivery system, in order to develop a range of topical dermatological products with enhanced pharmacologic and cosmetic properties. Additional information about CollaGenex can be found on the Company's web site at www.collagenex.com

This press release shall not constitute an offer to sell or a solicitation of an offer to buy any securities of Discovery or Collagenex. To the extent that statements in this press release are not strictly historical, including statements as to such company's respective 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 such company will not be able to raise additional capital or enter into additional collaboration agreements, risks relating to the progress of their research and development and the development of competing therapies and/or technologies by other companies. Those associated risks and others are further described in each Company's periodic filings with the Securities and Exchange Commission including the most recent reports on Form 10-K(SB), 8-K and 10-Q(SB), and amendments thereto.

Statements in this press release regarding Collagenex and Discovery have been made by each respective company and is that company's sole responsibility

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