



## **DISCOVERY LABORATORIES, INC.**

### **Discovery Laboratories Announces Pricing of Underwritten Offering of Common Stock**

**Doylestown, PA — March 30, 2004 — Discovery Laboratories, Inc. (Nasdaq: DSCO)**, a biopharmaceutical company developing its proprietary surfactant technology as Surfactant Replacement Therapies for respiratory diseases, today announced the pricing of an underwritten public offering of 2,200,000 shares of its common stock at a price of \$11.00 per share. The gross proceeds to Discovery from the offering are expected to be approximately \$24.2 million. Discovery is effecting the offering through the shelf registration statement on Form S-3 that Discovery filed on December 19, 2003, which became effective on January 7, 2004. All of the shares are being sold by Discovery. The offering is expected to close on April 2, 2004.

Bear, Stearns & Co. Inc. acted as the lead manager of the offering.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any of the securities, nor shall there be any sale of the securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state. A prospectus supplement relating to these securities has been filed with the Securities and Exchange Commission. This offering of shares of common stock may be made only by means of the prospectus supplement and related prospectus, a copy of which is available from Bear, Stearns & Co. Inc., 383 Madison Avenue, New York, NY 10179 (212-272-2000).

#### **About Discovery Laboratories**

Discovery Laboratories, Inc. is a biopharmaceutical company developing its proprietary surfactant technology as Surfactant Replacement Therapies for respiratory diseases. Surfactants are compositions produced naturally in the lungs and essential for breathing. Discovery's technology produces an engineered version of natural human lung surfactant that is designed to closely mimic the essential properties of human lung surfactant. Discovery believes that through its technology, pulmonary surfactants have the potential, for the first time, to be developed into a series of respiratory therapies for critical care and other hospitalized patients where there are few or no approved therapies available.

Discovery recently completed two Phase 3 clinical trials of Surfaxin<sup>®</sup>, the Company's lead product, for the treatment of Respiratory Distress Syndrome in premature infants and is preparing to file new drug applications with the United States Food and Drug Administration and other worldwide regulatory authorities. Discovery's Surfactant Replacement Therapy is currently in a Phase 2 clinical trial for Acute Respiratory Distress Syndrome in adults, as well as, a Phase 3 and Phase 2 clinical trial for Meconium Aspiration Syndrome in full-term infants. Using aerosolized formulations of our Surfactant Replacement Therapy, Discovery is preparing

to initiate a Phase 2 trial for severe asthma (development name DSC-104) and a Phase 2 trial for Respiratory Dysfunction in premature infants.

*To the extent that statements in this press release are not strictly historical, including statements as to business strategy, outlook, objectives, future milestones, plans, intentions, goals, future financial conditions, future collaboration agreements, the success of the Company's product development, events conditioned on stockholder or other approval, 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 the Company's 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, risks relating to the progress of the Company's research and development, the risk that the Company will not be able to raise additional capital or enter into additional collaboration agreements (including strategic alliances for our aerosol and Surfactant Replacement Therapies), risk of delay in the Company's preparation and filing of applications for regulatory approval, risks relating to the ability of the Company's third party contract manufacturers to provide the Company with adequate supplies of drug substance and drug products for completion of any of the Company's clinical studies, other risks relating to the lack of adequate supplies of drug substance and drug product for completion of any of the Company's clinical studies, and risks relating to the development of competing therapies and/or technologies by other companies. Companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials, even after obtaining promising earlier trial results. Data obtained from tests are susceptible to varying interpretations which may delay, limit or prevent regulatory approval. Those associated risks and others are further described in the Company's filings with the Securities and Exchange Commission including the most recent reports on Forms 10-K, 10-Q and 8-K, and amendments thereto.*

**Company Contacts:**

John G. Cooper, EVP & CFO

Kori Beer, IR & Communications

215-340-4699