



Mark G. Osterman Joins Discovery Laboratories as Senior Vice President, Sales and Marketing

Doylestown, PA — June 1, 2004 — Discovery Laboratories, Inc. (Nasdaq: DSCO), today announced the appointment of Mark G. Osterman as Senior Vice President, Sales and Marketing. Reporting directly to the Chief Executive Officer, Mr. Osterman will be the most senior executive responsible for developing, executing and managing Discovery's commercial operations, including the commercial responsibilities of Discovery's strategic partners. Mr. Osterman's initial assignment will be to execute the potential launch of Discovery's lead product, Surfaxin[®] for the prevention of Respiratory Distress Syndrome (RDS) in premature infants.

"Mark's extensive pharmaceutical sales and marketing experience in the respiratory field is an integral component of Discovery's management team as we begin our transition to a commercial organization," commented Robert J. Capetola, Ph.D., Discovery's President and Chief Executive Officer. "Most importantly, his leadership and track record of successful product launches are invaluable as we prepare for the launch of Surfaxin. In addition, we have a broad pipeline of Surfactant Replacement Therapies that we plan on advancing to market for the treatment of various respiratory diseases. Mark's knowledge of respiratory medicine and his established relationships will prove essential in the success of building our SRT franchise."

Mr. Osterman brings with him over 16 years of industry experience with leading pharmaceutical companies. Recently, he was at Johnson & Johnson where he served in a variety of positions including Vice President at Johnson & Johnson Development Corporation and Executive Director – Global Biologics Strategic Marketing Group at Centocor, Inc., where he oversaw and built marketing functions for the cardio-pulmonary, metabolism and infectious disease therapeutic areas. While at Centocor, Mr. Osterman lead the commercial due diligence team in Johnson & Johnson's acquisition of Scios Inc. Previously, Mr. Osterman was at GlaxoSmithKline, his most senior position being Director, Pulmonary Portfolio – Global Marketing Group where he was involved with the successful launch of several respiratory products including Serevent[®] for the COPD (Chronic Obstructive Pulmonary Disease) and pediatric indications. Earlier in his career, Osterman was a product manager, respiratory medical liaison and sales representative.

Mr. Osterman has dual B.A. degrees in Economics and Business Management from North Carolina State University.

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 has filed a New Drug Application with the FDA for clearance to market Surfaxin, the Company's lead product, for the prevention of Respiratory Distress Syndrome in premature infants. Discovery is also conducting a Phase 2 clinical trial for Acute Respiratory Distress Syndrome in adults, Phase 3 and Phase 2 clinical trials for Meconium Aspiration Syndrome in full-term infants and with aerosolized surfactant formulations is preparing to initiate a Phase 2 trial for asthma (development name DSC-104) and a Phase 2 trial for Respiratory Dysfunction in premature infants.

More information about Discovery is available on the Company's Web site at www.DiscoveryLabs.com.

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, risk of delay in the FDA's approval of any applications filed by the Company, risks of rejection of any applications filed by the Company, 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 any amendments thereto.

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