



## **Discovery Labs' Broadens Management Team - Hires Senior Manufacturing and Quality Executives**

**Warrington, PA, December 28, 2005** — **Discovery Laboratories, Inc. (Nasdaq: DSCO)**, has broadened its management team through the appointment of Charles F. Katzer as Senior Vice President, Manufacturing Operations and Gerald J. Orehostky as Vice President, Quality Operations. Mr. Katzer will be directly responsible for the leadership and management of all manufacturing and global distribution of the Company's Surfactant Replacement Therapy (SRT) products, including its lead product, Surfaxin<sup>®</sup>. Mr. Orehostky will be responsible for the development and enhancement of GMP quality policies and systems to promote, facilitate and assure sustainable compliance with all regulatory standards. Both positions report directly to Christopher J. Schaber, Ph.D., Executive Vice President and Chief Operating Officer.

Mr. Katzer brings over 30 years of broad functional experience in all aspects of manufacturing operations with major pharmaceutical companies. He has extensive expertise in the sterile manufacture of liquids, injectables and aerosol dosage forms, product and process development, and process validation. Recently, Mr. Katzer was Vice President of Manufacturing at Medimmune Vaccines, Inc. where he was responsible for the overall leadership of worldwide vaccine manufacturing operations, including bulk virus manufacturing, formulation, filling, packaging and distribution. While at Medimmune, Mr. Katzer was instrumental in the organizational and technical transition from contract manufacturing to company managed operations. Previously, Mr. Katzer was Vice President of Pharmaceutical Operations at US Bioscience, where he managed regulatory cGMP inspections of European and United States operating facilities. Earlier in his career, Mr. Katzer held senior operating positions at Rhone Poulenc Rorer Pharmaceuticals. Mr. Katzer received his B.S. degree from the University of Wisconsin.

Mr. Orehostky brings with him over 19 years of diverse technical and regulatory compliance experience with global pharmaceutical, biopharmaceutical and medical device companies. Mr. Orehostky has significant leadership experience in managing global quality systems for domestic and international drug development programs and manufacturing operations as well as directing United States and European regulatory inspection activities. He has successfully developed and directed continuous improvement programs resulting in achievement of sustainable regulatory compliance. He most recently served as Executive Director of Quality Assurance and Regulatory Affairs at Palatin Technologies, Inc. and previously as Director, Worldwide Quality Services at Schering-Plough, Inc. Mr. Orehostky received his B.A. degree in Natural Science and Mathematics from Thomas Edison State College and has obtained his Quality Engineer Certification.

Dr. Schaber, Executive Vice President and Chief Operating Officer of Discovery commented, "We are extremely pleased to add the expertise of Chuck and Jerry to our team. Their leadership skills, regulatory knowledge and detailed, hands-on management style are invaluable as we build Discovery into a fully-integrated biotechnology company. Based on their respective backgrounds and through collaborative team efforts, we anticipate a smooth transition of our surfactant manufacturing capabilities from contract manufacturing with Laureate Pharma, Inc. to a Discovery owned and managed operation."

## About Discovery Labs

Discovery Laboratories, Inc. is a biotechnology company developing its proprietary surfactant technology as Surfactant Replacement Therapies (SRT) for respiratory diseases. Surfactants are produced naturally in the lungs and are essential for breathing. Discovery Lab's technology produces a precision-engineered surfactant that is designed to closely mimic the essential properties of natural human lung surfactant. Discovery Labs believes that through its technology, pulmonary surfactants have the potential, for the first time, to address respiratory diseases where there are few or no approved therapies available.

Discovery Lab's SRT pipeline is initially focused on the most significant respiratory conditions prevalent in the neonatal intensive care unit. The Company's lead product, Surfaxin<sup>®</sup>, for the prevention of Respiratory Distress Syndrome (RDS) in premature infants, has received an Approvable Letter from the FDA and is under review for approval in Europe by the EMEA. Surfaxin is also being developed for the prevention and treatment of Chronic Lung Disease (CLD) in premature infants. Discovery Labs is preparing to conduct multiple Phase 2 pilot studies with Aerosurf<sup>™</sup>, aerosolized SRT administered through nasal continuous positive airway pressure (nCPAP), for the treatment of neonatal respiratory failure.

To address the various respiratory conditions affecting pediatric, young adult and adult patients in the critical care and other hospital settings, Discovery Labs is conducting a Phase 2 clinical trial to address Acute Respiratory Distress Syndrome (ARDS) in adults, and is also developing aerosol formulations of SRT to address Acute Lung Injury (ALI), asthma, COPD, and other respiratory conditions.

For more information, please visit our corporate website at [www.Discoverylabs.com](http://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 Discovery's product development, events conditioned on stockholder or other approval, or otherwise as to future events, all such statements are forward-looking, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements 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 Discovery's actual results and could cause results to differ from those contained in these forward-looking statements are the risk that financial conditions may change, risks relating to the progress of Discovery's research and development, the risk that Discovery will not be able to raise additional capital or enter into additional collaboration agreements (including strategic alliances for aerosol and Surfactant Replacement Therapies), risk that Discovery will not be able to develop a successful sales and marketing organization in a timely manner, if at all, risk that Discovery's internal sales and marketing organization will not succeed in developing market awareness of Discovery's products, risk that Discovery's internal sales and marketing organization will not be able to attract or maintain qualified personnel, risk of delay in the FDA's or other health regulatory authorities' approval of any applications filed by Discovery, risks that any such regulatory authority will not approve the marketing and sale of a drug product even after acceptance of an application filed by Discovery for any such drug product, risks relating to the ability of Discovery's third party contract manufacturers and development partners to provide Discovery with adequate supplies of drug substance, drug products and expertise for completion of any of Discovery's clinical studies, risks relating to drug manufacturing by Discovery, risks relating to the integration of manufacturing operations into Discovery's existing operations, other risks relating to the lack of*

*adequate supplies of drug substance and drug product for completion of any of Discovery's clinical studies, risks relating to the ability of the Company and its collaborators to develop and successfully commercialize products that will combine our drug products with innovative aerosolization technologies, risks relating to the significant, time-consuming and costly research, development, pre-clinical studies, clinical testing and regulatory approval for any products that we may develop independently or in connection with our collaboration arrangements, 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 Discovery'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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