

OMB APPROVAL

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 5

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or
Section 30(f) of the Investment Company Act of 1940

[] Check this box if no longer subject to Section 16. Form 4 or Form 5
obligations may continue. See Instruction 1(b).

[] Form 3 Transactions Reported

[X] Form 4 Transactions Reported

1. Name and Address of Reporting Person*

Davis Cynthia
(Last) (First) (Middle)
4909 Curly Hill Road
(Street)
Doylestown, Pennsylvania 18901
(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

Discovery Laboratories, Inc. (DSCO)

3. IRS Identification Number of Reporting Person, if an entity (Voluntary)

4. Statement for Month/Year

December 31, 1999

5. If Amendment, Date of Original (Month/Year)

6. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

[] Director [] 10% Owner
[X] Officer (give title below) [] Other (specify below)
Controller

7. Individual or Joint/Group Reporting
(check applicable line)

[X] Form Filed by One Reporting Person
[] Form Filed by More than One Reporting Person

Table I -- Non-Derivative Securities Acquired, Disposed of,
or Beneficially Owned

Table with 7 columns: 1. Title of Security (Instr. 3), 2. Transaction Date (Month/Day/Year), 3. Transaction Code (Instr. 8), 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5), 5. Amount or Price, 6. Amount of Securities Beneficially Owned at the End of Issuer's Fiscal Year (Instr. 3 and 4), 7. Ownership Form: Direct (D) or Indirect (I) (Instr. 4), 8. Nature of Beneficial Ownership (Instr. 4)

Common Stock	11/19/99	P	1,000	A	\$1.6875		D	N/A
Common Stock	11/19/99	P	500	A	\$1.6250	8050	D	N/A

* If the form is filed by more than one Reporting Person, see Instruction 4(b)(v).

FORM 5 (continued)

Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conver- sion or Exer- cise Price of Deriv- ative Secur- ity	3. Trans- action Date (Month/ Day/ Year)	4. Trans- action Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Deriv- ative Security (Instr. 5)	9. Number of Deriv- ative Secur- ities Benefi- cially Owned at End of Year (Instr. 4)	10. Owner- ship of Deriv- ative Secur- ity: Direct (D) or Indi- rect (I) (Instr. 4)	11. Nature of In- direct Benefi- cial Owner- ship (Instr. 4)
Stock Option (right to buy)	\$1.380	9/30/1999	M(1)	A	9/30/1999 9/30/2009	Common Stock	60,000			
Stock Option (right to buy)	\$3.00	1/1/1999	M(2)	A	1/1/1999 1/1/2009	Common Stock	28,270			
Stock Option (right to buy)	\$4.44	6/16/1998	M(3)	A	6/16/1998 6/16/2008	Common Stock	6,125			
Stock Option (right to buy)	\$4.44	6/16/1998	M(4)	A	6/16/1998 6/16/2008	Common Stock	7,760	129,156	D	N/A

Explanation of Responses:

1. The option grants are subject to repurchase by Discovery upon the occurrence of certain events relating to the market price of the common stock of Discovery, the failure of Discovery to enter into certain collaboration agreements or a sale or merger of Discovery.

2. This option becomes vested as to 25% of the option shares on the date of the grant. The remaining 75% of the option shares are vested in three equal annual installments beginning with the first year anniversary of the date of the grant.

3. The Corporation's repurchase rights shall lapse and 100% of the option shares shall vest in the event the market capitalization of the Corporation exceeds \$75 million, determined over a 30 day average.

4. The Corporation's repurchase right shall lapse and 100% of the option shares shall vest in the event that the Corporation consummates a transaction having a total value of at least \$20 million involving the development, clinical testing, regulatory approval, manufacturing and/or marketing of a portfolio compound.

