[] Check this box if no longer subject to Section 16, Form 4 or Form 5 obligations may continue. See Instruction 1(b) [] Form 3 Holdings Reported [X] Form 4 Transactions Reported

U. S. SECURITIES AND EXCHANGE COMMISSION Washington, D. C. 20549

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

1. Name and address of Report Kanzer, Steven H., C.P.A., E	≣sq.	
(Last)	(First)	(MI)
350 South Main Street, Suite	307	
	(Street)	
Doylestown	PA	18901
(City)	(State)	(Zip)
Issuer Name and Ticker on Discovery Laboratories, Inc. DSCO IRS or Social Security Number of Reporting Person (Volume 4. Statement for Month/Year	r Trading Symbol ("Discovery") umber untary) 5. If Amend	000-00-0000 ment, Date of (Month/Year)
January/1998		(Months real)
6. Relationship of Reporting	g Person to Issuer (Check	all applicable)
6. Relationship of Reporting	•	all applicable) 0% Owner

Title of Security					
(Instr. 3)	2. Transaction Date (Month/Day/Year) 	3. Transaction Code (Instr. 8) 	4. Security Acc of (D) (Inst	quired (A) o tr. 3, 4 & 5	r Disposed)
		 	Amount	(A)or (D)	Price
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Title of Security	5. Amount of Securities	6. Ownership Form:	l 7. Nature of I	 ndirect Bene	 ficial
Title of Security (Instr. 3)	5. Amount of Securities Beneficially Owned at End of Fiscal Year (Instr. 3 & 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of Ii Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of Ii Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (I	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial
Title of Security (Instr. 3)	Beneficially Owned at End of Fiscal Year	Direct (D) or Indirect (I)	7. Nature of II Ownership (: 	ndirect Bene Instr. 4)	ficial

Form 5	5 (cc	ntir	nied'
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TABLE II - Derivative Securities Acquired, Disposed of, or Beneficially Owned

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. Conversion Exercise F Derivative	rice of	3. Transaction Dat (Month/Day/Year	ce 4. Transactio r) Code (Instr. 8)	(A) or D	f Derivative es Acquired isposed of tr. 3, 4 & 5)
	I	I		I	(A)	(D)
Non-Statutory Stock Option(1)	\$3,938 		1/2/98	A 	30,000 	
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. Title of Derivative Security (Instr. 3)	6. Date Exerci Expiration (Month/Day/	Date	7. Title and An	mount of Underlying	 8. Price of	 Derivative
	(Hollell/ bay/	Year) 			Security 	(Instr. 5)
	Date Exercisable	Year) Expiration Date 	Title	Amount or Number of Shares	Security 	(Instr. 5)
	 Date	Expiration	 	Amount or Number	Security 	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)
	 Date Exercisable 	Expiration Date 	 Title Common	Amount or Number of Shares 	Security	(Instr. 5)

1. Title of Derivative Security (Instr. 3) 	9. Number of Derivative Securities Beneficially Owned at End of Year (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
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Explanation of Responses:

- (1) Represents a right to buy.
- (2) Shares of Common Stock of the Issuer subject to such options vest 25% at the time of the grant with the balance vesting in 36 equal monthly installments upon the Reporting Person's successive completion of service with the Issuer. Unvested shares of Common Stock of the Issuer subject to such options remain subjective to the Issuer's right to repurchase such shares at the then effective exercise price per share.
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Steven H. Kanzer	March 24, 1999
**Signature of Reporting Person	Date

Note: File three copies of this form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure.