

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 of Section 16. Form 4 or Form 5
obligations may continue. See Instruction 1(b).

Form 3 Holdings Reported

Form 4 Transactions Reported

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1. Name and Address of Reporting Person*

Tsai, Huei

(Last) (First) (Middle)

53 Worth Mills Lane

(Street)

Princeton, NJ 08540

(City) (State) (Zip)

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2. Issuer Name and Ticker or Trading Symbol

Discovery Laboratories, Inc., ("Discovery")
DSCO

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

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4. Statement for Month/Year

December 2001

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

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

Director 10% Owner
 Officer (give title below) Other (specify below)

Vice President

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7. Individual or Joint/Group Filing (Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

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

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

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1. Title of Security (Instr. 3)	2. Transaction Date (mm/dd/yy)	3. Transaction Code (Instr. 8)	4. Security Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned at End of Issuer's Fiscal Year (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr.4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Amount	(A) or (D) Price			

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly

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) ----- (A) (D)	6. Date Exercisable and Expiration Date (Month/Day/Year) ----- Date Expira- tion Exer- tion cisable Date		7. Title and Amount of Underlying Securities (Instr. 3 and 4) ----- Amount or Number of Shares	8. Price of Deriv- ative Secur- ity (Instr. 5)	9. Number of Deriv- ative Secur- ities Bene- ficially Owned at End Year (Instr. 4)	10. Owner- ship of Deriv- ative Secur- ity: Direct (D) or In- direct (I) (Instr. 4)	11. Nature of In- direct Bene- ficial Owner- ship (Instr. 4)	
Employee Stock Option	\$2.10	9/21/01	M	A	9/21/01(1)	9/20/11	Common Stock	55,000	\$2.10	271,344	D	

Explanation of Responses:

(1) This employee stock option is immediately exercisable and vests 25% on the date of the grant. The remaining 75% of the option shares become vested in three equal annual installments beginning with the first year anniversary of the grant.

/s/ Huei Tsai 2/13/02

**Signature of Reporting Person Date

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.

See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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