SEC Form 4

FORM 4

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

OMB APPROVAL

OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person[*]	2. Issuer Name **and** Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
Osterman Mark G	DISCOVERY LABORATORIES INC /DE/ [DSCO]	Director / 10% Owner / X Officer (give title below) / Other (specify below)
(Last) (First) (Middle) DISCOVERY LABORATORIES, INC. 2600 KELLY ROAD, SUITE 100	3. Date of Earliest Transaction (Month/Day/Year) 01/03/2006	SVP, Sales and Marketing
(Street) WARRINGTON PA 18976-3646	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person / Form filed by More than One Reporting Person
(City) (State) (Zip)		

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock[(1)]	07/21/2005		A	V	271	A	$6.461	803	D	
Common Stock[(1)]	10/21/2005		A	V	271	A	$6.45	1,074	D	
Common Stock[(2)]	01/03/2006		A		6,000	A	$0	7,074	D	

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 or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction 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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Incentive Stock Option (right to buy)[(3)]	$7.01	01/03/2006		A		47,585		01/03/2006	01/03/2016	Common Stock	47,585	$0	47,585	D	
Non-Qualified Stock Option (right to buy)[(3)]	$7.01	01/03/2006		A		2,415		01/03/2006	01/03/2016	Common Stock	2,415	$0	2,415	D	

Explanation of Responses:

1. Transaction reported on Table I represents Issuer's matching stock contribution pursuant to 401(k) plan.

2. New restricted stock award shall fully vest on the date that Surfaxin for RDS first becomes widely commercially available, as such date is determined by the Company.

3. This employee stock option shall vest 25% on the date of the grant, and the balance shall vest in a series of three successive equal annual installments beginning with the first year anniversary of the grant.

Mark G. Osterman	01/05/2006
** Signature of Reporting Person	Date

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

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

** 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 is insufficient, *see* Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.