

OMB APPROVAL

OMB Number: 3235-0362
Expires: October 31, 2001
Estimated average burden
hours per response.....1.0

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

☐ Form 4 Transactions Reported

1. Name and Address of Reporting Person*

Tsai	Huei	
-----	-----	-----
(Last)	(First)	(Middle)
53 Worth Mills Lane		
-----	-----	-----
	(Street)	
Princeton,	New Jersey	08540
-----	-----	-----
(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

12/31/99

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

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

<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
<input checked="" type="checkbox"/> Officer (give title below)	<input type="checkbox"/> Other (specify below)
Vice President	

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

☒ 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

=====

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) ----- Amount (A) or (D) Price	5. Amount of Securities Beneficially Owned at the End of Issuer's Fiscal Year (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Beneficial Ownership (Instr. 4)
---------------------------------------	--	---	---	---	--	--

Common Stock	11/24/99	J(1)	11,000	\$1.5625	-0-	D	N/A
Common Stock	11/24/99	J(1)	11,000	\$1.5625	42,200(2)	I	By IRA and Dependents

* 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) ----- (A) (D)	6. Date Exercisable and Expiration Date (Month/Day/Year) ----- Date Expira- tion 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 of 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)
Stock Option (right to buy)	\$1.380	9/30/1999	M(3)	A	9/30/1999 9/30/2009	Common Stock	38,000			
Stock Option (right to buy)	\$3.00	1/1/1999	M(4)	A	1/1/1999 1/1/2009	Common Stock	40,000			
Stock Option (right to buy)	\$4.44	6/16/1998	M(5)	A	6/16/1998 6/16/2008	Common Stock	20,493			
Stock Option (right to buy)	\$4.44	6/16/1998	M(6)	A	6/16/1998 6/16/2008	Common Stock	18,400	164,544	D	N/A

Explanation of Responses:

1. A change in the form of beneficial ownership occurred when the Reporting Person sold 11,000 shares into the market and the Reporting Person's Individual Retirement Account ("IRA") on the same day immediately repurchased 11,000 shares at the same price. The amount of shares in which the Reporting Person possessed a pecuniary interest did not change.

2. Includes 31,200 shares of Discovery Common Stock owned equally by each of the Reporting Person's two children and 11,000 shares owned by the Reporting Person's IRA. The Reporting Person disclaims beneficial ownership of such indirectly beneficially owned securities except to the extent of his pecuniary interest therein.

3. 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.

4. 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.

5. The Corporation's repurchase right 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.

6. 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.

By: /s/ Huei Tsai

February 11, 2000

**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.