SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

December 31, 2012

Date of Report (Date of earliest event reported)

Discovery Laboratories, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**000-26422**	**94-3171943**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

2600 Kelly Road, Suite 100
Warrington, Pennsylvania 18976
(Address of principal executive offices)

(215) 488-9300
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Effective December 31, 2012, W. Thomas Amick, 70, resigned as Chief Executive Officer and as a member and Chairman of the Board of Directors (the "Board") of Discovery Laboratories, Inc. (the "Company"). Mr. Amick's resignation does not result from any disagreement he has with the Company about the operations, policies, or practices of the Company.

Effective December 31, 2012, the Company entered into a separation agreement and plenary release (the "Separation Agreement") pursuant to which Mr. Amick shall be entitled to receive: (a) on December 31, 2012, a cash payment equal to the sum of (i) all unpaid compensation accrued through December 31, 2012, less any applicable withholding (ii) any unreimbursed employee business expenses (subject to submission of appropriate documentation), and (iii) a severance payment in the amount of $1,250,000, payable in accordance with the Company's normal payroll practices, less any applicable withholding; (b) effective December 31, 2012, the accelerated vesting of all outstanding stock options which shall remain exercisable to the end of their stated terms; and (c) through July 31, 2013, reimbursement of $2,000 per month, plus a tax-gross up adjustment, for temporary living expenses related to an apartment leased by Mr. Amick. The Company also agreed to pay Mr. Amick's attorneys' fees incurred in connection with negotiating the Separation Agreement.

The foregoing summary of the Separation Agreement does not purport to be complete and is qualified in its entirety by the full text of the Separation Agreement, which is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

Effective on January 3, 2013, the Board accepted the resignations from the Board of Max Link, Ph.D., 72, and Antonio Esteve, Ph.D., 55. Dr. Link has served as a member of the Board since October 1996, and as a member of the Audit Committee, Compensation Committee and Nomination and Governance Committee. He has served as Chairman of the Audit Committee since 2006 and, due to his significant experience and expertise in financial matters, the Board had designated him the "audit committee financial expert" in accordance with the Nasdaq listing requirements. Dr. Esteve has served as a member of the Board since May 2002. The Board thanked Drs. Link and Esteve for their long years of service.

(c) On January 3, 2013, the Board appointed Mr. John G. Cooper, 54, President and Chief Financial Officer of the Company, to assume the additional responsibilities of the Chief Executive Officer ("CEO"). Mr. Cooper was also appointed to serve as a member of the Board. Mr. Cooper has served as the Company's President and Chief Financial Officer since August 2010, having previously served as Executive Vice President, Chief Financial Officer and Treasurer beginning December 2002. Mr. Cooper has over 25 years of experience as an executive with emerging growth companies in the life sciences industry and has been responsible for managing public and private financings, strategic alliances, mergers and acquisitions, investor relations, strategic and financial planning, international financial operations and general business operations.

(d) On January 3, 2013, the Board approved the appointment of John R. Leone to serve as Chairman of the Board. Mr. Leone was elected to the Board on November 13, 2012. Mr. Leone has demonstrated leadership skills and brings to the Board his significant expertise in managing pharmaceutical operations. Since 2007, Mr. Leone served as a partner of Paul Capital Healthcare, a leading private equity firm that manages one of the largest dedicated healthcare funds globally. From 2004 to 2006, Mr. Leone served as President and Chief Executive Officer at Cambrex Corporation, a publicly-traded life sciences company that provided innovative solutions for the development and commercialization of pharmaceutical products. Prior to that, Mr. Leone served as Senior Vice President and Chief Operating Officer of U.S. Commercial Operations for Aventis Pharmaceuticals, where he spearheaded the successful integration of Rhone-Poulenc Rorer and Hoechst Marion Roussell companies into Aventis, which required significant adjustments to staff, sophisticated technology and operating structures without any disruption in sales performance. Prior to that, Mr. Leone spent twelve years with American Home Products Corporation, where he most recently served as Vice President and General Manager of Wyeth-Lederle Vaccines and Pediatrics. Mr. Leon also spent ten years with Pfizer, most recently as Director of Operations, Europe. Mr. Leone is also a member of the Board of Directors of ViroPharma Incorporated. He received his Bachelor of Science degree in Engineering from the U.S. Military Academy at West Point and his Masters in Business Administration from the University of Colorado. In addition to his role as Chairman, Mr. Leone will serve as Chairman of the Compensation and a member of the Nomination and Governance Committees of the Board.

Upon recommendation of the Nomination and Governance Committee of the Board, the Board also appointed Joseph M. Mahady, 59, as a director of the Company, effective immediately. Mr. Mahady brings significant global biopharmaceutical strategic, financial and operational expertise to the Board, having spent over 30 years with Wyeth corporation. Most recently, Mr. Mahady served as President – Wyeth Pharmaceuticals, and prior to that as President, Global Business and President, Americas & Global Businesses at Wyeth. His other positions at Wyeth have included President Wyeth-Ayerst US, and Vice President Marketing and Sales Operations. Prior to his appointment to the Board, Mr. Mahady was not a related person to the Company and there is no transaction or other arrangement involving the Company in which Mr. Mahady or any related person to Mr. Mahady has or will have a direct or indirect material interest. Mr. Mahady will serve as a member of the Audit and Compensation Committees of the Board. Mr. Mahady is also a member of the Board of Directors of Albemarle Corporation and Cortendo, AB. He received his Bachelor of Science in Pharmacy from St. John's University of Pharmacy and his Masters in Business Administration, Pharmaceutical Studies, from Fairleigh Dickinson University.

In connection with his appointment to the Board, the Board approved an award to Mr. Mahady under the Company's 2011 Long-Term Incentive Plan of an option to purchase 30,000 shares of the Company's common stock, par value $0.001, at an exercise price of $2.34 per shares, which is the closing price of the Company's Common Stock on the date of grant, January 3, 2013. The options will vest equally over a three year period so that the options shall be exercisable in full on the third anniversary of the date of grant. Mr. Mahady and the Company entered into an indemnification agreement, which is attached hereto as Exhibit 10.2. Mr. Mahady will be entitled to cash compensation for his service on the Board in accordance with the Company's Board compensation practices.

Also on January 3, 2013, the Board adopted a resolution reducing the size of the Board from six to five directors.

With the appointment of Mr. Leone as an independent Chairman of the Board, the Board determined that it no longer had a need for a lead independent director role and Mr. Bruce Peacock relinquished that position. Mr. Peacock will serve as Chairman of the Audit Committee and a member of the Compensation Committee. The Board also named Mr. Peacock as the "audit committee financial expert" within the meaning of the meaning of the rules of the Securities and Exchange Commission (SEC). In addition, Marvin E. Rosenthale, Ph.D., MBA will serve as Chairman of the Nomination and Governance Committee and a member of the Audit Committee

On January 3, 2013, the Company issued a press release announcing the resignation of Mr. Amick, the appointment of Mr. Leone to serve as Chairman of the Board, the appointment of Mr. Cooper to serve as President, Chief Executive Officer and Chief Financial Officer and a member of the Board, and the election of Mr. Mahady to serve as a director of the Company, and the resignations of Drs. Link and Esteve from the Board. The press release is attached to this Current Report as Exhibit 99.1 and is incorporated herein by reference.

(e) With respect to Mr. Cooper's appointment as CEO, on January 3, 2013, the Board approved amendments to Mr. Cooper's Executive Employment Agreement dated May 4, 2012 as follows: Mr. Cooper's base salary was increased from $335,000 to $400,000 and, by virtue of his title change, his target bonus amount was increased from 0-40% to 0-50%.

Item 8.01. Other Events.

On January 3, 2012, the Company issued a press release announcing that the Company has initiated the launch of its AFECTAIR® airway connector for infants receiving aerosolized medication in neonatal or pediatric intensive care units. AFECTAIR was developed initially as part of the Company's AEROSURF® development program and is a proprietary, disposable device that simplifies the delivery of aerosolized medications to critical-care patients requiring ventilatory support. The press release is attached to this Current Report as Exhibit 99.2 and is incorporated herein by reference. The market and patient information included in this press release were derived from information obtained from the following sources: IMS Hospital Demographic Database; Discovery Laboratories, Inc. Primary market research, Oct 2012 (n=200 U.S.-based Respiratory Therapists); NICU patient population based on CDC, March of Dimes (2010)

Item 9.01. Financial Statements and Exhibits.

(d)	Exhibits
10.1	Separation Agreement and Plenary Release dated as of December 23, 2012, between the Company and W. Thomas Amick
10.2	Indemnification Agreement dated as of January 3, 2013, between the Company and Joseph M. Mahady
99.1	Press release dated January 4, 2013
99.2	Press release dated January 3, 2013

Cautionary Note Regarding Forward-looking Statements:

To the extent that statements in this Current Report on Form 8-K are not strictly historical, including statements as to business strategy, outlook, objectives, future milestones, plans, intentions, goals, future financial conditions, future collaboration agreements, the success of the Company's product development or otherwise as to future events, such statements are forward-looking, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained in this Current Report are subject to certain risks and uncertainties that could cause actual results to differ materially from the statements made. Such risks and others are further described in the Company's filings with the Securities and Exchange Commission including the most recent reports on Forms 10-K, 10-Q and 8-K, and any amendments thereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Discovery Laboratories, Inc.

By: /s/ John G. Cooper
Name: John G. Cooper
Title: Chief Executive Officer, President and Chief Financial Officer

Date: January 3, 2013

EXHIBIT 10.1

SEPARATION OF EMPLOYMENT AGREEMENT AND PLENARY RELEASE

THIS SEPARATION OF EMPLOYMENT AGREEMENT AND GENERAL RELEASE (this "Agreement") is made as of December 23, 2012 between Discovery Laboratories, Inc. (the "Company") and W. Thomas Amick ("Executive") (hereinafter collectively referred to as the "Parties").

WHEREAS, the Company and Executive are parties to an employment agreement dated May 4, 2012 (the "Employment Agreement");

WHEREAS, Executive desires to resign all of his positions with the Company and Executive and the Company wish to mutually agree on matters relating to Executive's resignation, on the terms set forth in this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound hereby, Executive and the Company agree as follows:

1. Resignation from Employment and the Board of Directors. As of 5:00 p.m. on the Effective Date (the "Resignation Date"), Executive hereby resigns all employment and related job duties and responsibilities with the Company including, without limitation, his positions as Chief Executive Officer and as a member and Chairman of the Board of Directors of the Company. This resignation is the product of an agreement by the Parties hereto and is not a result of any disagreement Executive had about the operations, policies, or practices of the Company or any of its subsidiaries or affiliates. Terms not otherwise defined in this Agreement shall have the meaning given to them in the Employment Agreement.

2. Severance Payments and Benefits to Executive.

(a) Accrued Compensation. On the Effective Date (as defined in Section 9(d) of this Agreement), Company shall pay to Executive a lump sum cash payment in an amount equal to the sum of all unpaid compensation accrued through the Resignation Date, and any unreimbursed employee business expenses (subject to submission of appropriate documentation) (provided, that any payment under this Section 2(a) shall not exceed the amount that otherwise would be calculated in accordance with Section 7(a)(i) of the Employment Agreement).

(b) Severance Payments. On the Effective Date (or as soon thereafter as is practicable, but in no event later than December 31, 2012 if this Agreement is signed on December 23, 2012), Company shall pay $1,250,000 to Executive, payable in accordance with the Company's normal payroll practices and less any required withholdings.

(c) Stock Options and Restricted Stock. On the Effective Date, all shares of stock and all options to acquire Company stock held by Executive shall accelerate and become fully vested and all stock options shall continue to be exercisable for the remainder of their stated terms.

(d) Company Payment Toward Lease Obligations. For the months of January through July 2013, the Company shall continue to reimburse Executive $2,000 per month, plus a tax gross up with respect to the monthly reimbursement amount, with respect to the rent obligations on the apartment that Executive rented in Philadelphia.

(e) Attorneys' Fees. The Company shall be responsible for reimbursing Executive's attorneys for up to $12,500 in attorneys' fees incurred by Executive in connection with the negotiation of this Agreement.

(f) Survival of Obligations. The obligations of the Company under this Section 2 shall survive the death of Executive. Any amounts remaining due at the time of or after Executive's death shall be paid on the dates set forth in this Agreement and shall be payable to his surviving spouse or his estate or legal representative.

(g) Acknowledgements. All payments made to Executive under this Agreement shall be subject to applicable federal, state and local withholding taxes. Executive hereby acknowledges that, under the Employment Agreement and under the Company's general policies and practices, Executive is not otherwise entitled to receive the benefits described in this Agreement unless Executive signs this Agreement. Executive further acknowledges that, other than the foregoing payments described in this Section 2 and benefits accrued under the Company's 401(k) and other benefit plans, he has received payment in full for all of the compensation, wages, benefits and payments of any kind otherwise due him from the Company, including compensation, salary, bonuses, commissions, lost wages, severance, expense reimbursements, equity in any form, payments to benefit plans, accrued but unused vacation and personal or sick time as provided in the Employment Agreement or otherwise. The Parties acknowledge that the consideration described in Section 2 represents good, valuable, and sufficient consideration for the mutual promises and duties set forth in this Agreement.

3. Plenary Release by Executive; Indemnity by Company; Limited Release by Company

(a) Release. For and in consideration of the payments and promises contemplated by Section 2 of this Agreement and for other good and valuable consideration as more fully described herein, the receipt and adequacy of which is hereby acknowledged, Executive hereby waives, releases and gives up any claim or cause of action that Executive, Executive's heirs, executors, administrators, successors and assigns may have against the Company, its subsidiaries and affiliates and their employee benefit plans and the trustees, fiduciaries and administrators of those plans, and any of the foregoing present or past employees, officers, shareholders, managers, directors, agents and contractors, and each of their predecessors, successors and assigns (the "Released Parties"), based on any event that has occurred up until the date that Executive signs this Agreement, or arising from or based upon Executive's employment with the Company and/or separation from employment and/or termination of the Employment Agreement. Without limiting the generality of the foregoing, Executive acknowledges and agrees that he is releasing any claim under the Age Discrimination in Employment Act ("ADEA"), the Americans with Disabilities Act ("ADA"), Title VII of the Civil Rights Act of 1964 ("Title VII"), the Civil Rights Acts of 1866 and 1991, the Employee Retirement Income Security Act of 1974 ("ERISA"), the Family and Medical Leave Act (FMLA"), the Older Workers Benefit Protection Act ("OWBPA"), the Sarbanes Oxley Act of 2002, the Workers Adjustment and Restraining Notification Act ("WARN"), or any other federal, state or local law prohibiting discrimination in employment, whistleblower claims, claims of breach of implied or express contract, breach of promise, misrepresentation, negligence, fraud, estoppel, defamation, infliction of emotional distress, violation of public policy, wrongful or constructive discharge or any other employment-related tort, and any claim for costs, fees or other expenses, including attorneys' fees; and all claims under any other federal, state or local law relating to employment. This release includes a waiver of claims that Executive may know about as well as claims that Executive may not know about. This release does not waive Executive's right to (i) the amounts and benefits described in Section 2 of this Agreement, (ii) Executive's accrued benefits under Company benefit plans, (iii) amounts payable under the Indemnification Agreement described below, under applicable directors or officers insurance, or under the Company's Certificate of Incorporation, as amended from time to time, and the Company's Bylaws, as amended from time to time, and (iv) amounts that by law may not be waived.

(b) Claims. Executive represents and warrants that Executive has not filed, commenced or lodged against or relating to the Company, or permitted to be filed, commenced or lodged against or relating to the Company on Executive's behalf, any complaints, charges, claims, actions or other proceedings of any nature or description in or before any court, administrative agency or other forum. Executive hereby agrees that neither Executive, nor any non-governmental person, organization or other entity acting on Executive's behalf, has in the past or will in the future file any lawsuit or arbitration asserting any claim that is waived under Section 3(a) of this Agreement. If Executive breaks this promise and files a lawsuit or arbitration making any claim waived in this Agreement, Executive shall pay for all costs, including reasonable attorneys' fees, incurred by the Company in defending against any such claim. Furthermore, Executive hereby gives up any right to individual damages in connection with any administrative, arbitration or court proceeding with respect to Executive's employment with and/or termination of employment from the Company, and if Executive is awarded money damages, Executive hereby agrees to assign to the Company all right and interest to such money damages. Executive affirms that he has not assigned or transferred any claim against the Company or any of the Released Parties, nor has he purported to do so.

(c) Executive Indemnity. The Company hereby acknowledges that the Indemnification Agreement, effective as of August 18, 2011 ("Indemnification Agreement"), between Executive and the Company shall survive the termination of the Employment Agreement and remain in full force and effect in accordance with its terms**.**

(d) Executive Release. In consideration of the promises by Executive under this Agreement and for other good and valuable consideration as more fully described herein, the Company hereby irrevocably and unconditionally releases, waives and forever discharges Executive from claims, promises, causes of action or similar rights of any type that the Company may have against Executive based on any event that has occurred up until the date that Executive signs this Agreement and arising out of events and circumstances known to the current President and Chief Financial Officer and the Senior Vice President, Chief Operating Officer. However, the foregoing waiver shall not apply to, and the Company does not hereby waive, release or give up (i) any claim arising under the terms of any health, welfare, equity incentive or other employee benefit plan maintained by the Company, (ii) any rights that the Company may have under this Agreement, the Indemnification Agreement, and the Agreements between the Company and Executive related to Executive's Options Agreements, and (iii) any rights of the Company to recoup reimbursement or advances to Executive under the Company's Certificate of Incorporation, as amended from time to time, and the Company's Bylaws, as amended from time to time, and any insurance policies maintained by the Company, including directors and officers liability and product and general liability policies, (iv) any criminal conduct by Executive or (v) any claim that by law may not be waived.

4. Executive's Promises and Representations.

(a) Employment Separation. Executive promises never to knowingly seek employment with the Company or its affiliates.

(b) No Admission of Liability. Executive agrees that the payments made and other consideration received pursuant to this Agreement are not to be construed as an admission of legal liability by the Company and that no person or entity shall utilize this Agreement or the consideration received pursuant to this Agreement as evidence of any admission of liability since the Company expressly denies liability. Executive agrees not to assert that this Agreement is an admission of guilt or wrongdoing and acknowledges that the Released Parties do not believe or admit that any of them has done anything wrong. Similarly, the Company agrees that the terms of this Agreement are not to be construed as an admission of legal liability by Executive and that no person or entity shall utilize this Agreement or the consideration received pursuant to this Agreement as evidence of any admission of liability since Executive expressly denies liability. The Company agrees not to assert that this Agreement is an admission of guilt or wrongdoing and acknowledges that Executive does not believe or admit that he has done anything wrong.

(c) Confidentiality, Inventions, Non-Solicitation, and Non-Competition.

1) Executive acknowledges that, as a company in a highly competitive industry, the Company follows a policy intended to fully protect its trade secrets and confidential information (collectively, "Confidential Information"). In the course of Executive's employment, Executive has had access to Confidential Information, the use or disclosure of which would be seriously damaging to the Company. Such Confidential Information is the Company's property and is not readily ascertainable from public sources. Executive's access to Confidential Information has been essential to the performance of Executive's duties for the Company.

2) Executive represents and warrants that (i) he is in compliance with all obligations of Executive as set forth in the Proprietary Information and Inventions, Non-Solicitation and Non-Competition Agreements dated October 20, 2010 and May 14, 2012, (ii) he has timely made all disclosures required to be made by him under said agreements, and (iii) he has executed and delivered all documents and assignments contemplated by said agreements.

3) Executive covenants that he will comply with all obligations that arise under the Proprietary Information and Inventions, Non-Solicitation and Non-Competition Agreements dated October 20, 2010 and May 14, 2012 that arise as a result of or in connection with the termination of his employment with the Company.

4) At the Company's reasonable request, Executive agrees to promptly make all disclosures and execute all documents appropriate to preserve the confidentiality of, and/or otherwise protect, the Company's interest in, any Confidential Information and Inventions, including with respect to trade secrets, inventor disclosure statements and patent prosecution.

5) Executive will promptly surrender to the Company all documents, computer disks and hard drives, all notes and memoranda relating to or containing Confidential Information.

(d) Enforcement. Executive acknowledges that a breach or threatened breach of Section 4(c) of this Agreement will constitute a material breach of this Agreement and cause the Company irreparable injury and damage. Executive therefore agrees that, in addition to any other remedies that may be available to the Company at law, the Company will be entitled to an injunction and/or other equitable relief (without the requirement of posting a bond or other security) to prevent a breach or threatened breach of such provisions and to secure their enforcement.

(e) Return of Company Property. Promptly after execution of this Agreement, but in no event later than the close of business on December 31, 2012, and as a condition of receiving any of the payments or benefits described in Sections 2(b), 2(c), 2(d), 2(e), and 2(f), Executive shall return to the Company all originals and copies of all files, memoranda, documents, records, cell phones, credit cards; keys, electronically or optically stored data, and any other property of the Company, the Company's clients or its affiliates in his possession, custody or control including, but not limited to, the Company's records, office equipment, such as computers and related equipment, telephones, pagers, etc. At such time, at the request of the Company, Executive shall certify that he has no property of the Company, the Company's clients or its affiliates in his possession or under his control.

(f) Cooperation and Transition of Duties. Executive agrees to reasonably cooperate in the transition of his duties and responsibilities as reasonably requested by the Company including, if required, executing such customary and reasonable documents and certifications that relate to matters arising prior to his resignation. Executive agrees to fully cooperate with the Company and its counsel in connection with any matter on which his cooperation may reasonably be requested, including the preparation for, response to, prosecution of and/or defense of any pending, actual or threatened investigation, administrative proceeding, or litigation involving the Company, its clients, vendors and/or its affiliates; provided that such requests for cooperation will not interfere with Executive's ability to carry out his future work responsibilities. The Company will reimburse Executive for all reasonable out-of-pocket expenses incurred by Executive as a result of such cooperation.

5. Release from Lisa Amick and L.A. Communications. As a condition of receiving any of the payments or benefits described in Sections 2(b), 2(c), 2(d), 2(e), and 2(f), Executive acknowledges and agrees that Lisa Amick must sign a plenary release of claims comparable to the release set forth in Sections 3(a) and 3(b) above on behalf of herself and L.A. Communications.

6. Disclosure. Company agrees that the portion of the 8-K announcing Executive's resignation shall be sent to Executive and Company shall consider in good faith any comments provided by Executive prior to its filing with the SEC.

7. Consideration of Agreement. Both Parties acknowledge that, before signing this Agreement, they have carefully read this Agreement; they fully understood it; it is written in a manner that is understandable to both of them; and they are entering into it knowingly and voluntarily.

8. Breach of Agreement. Executive agrees that, without limiting the Company's remedies, should he materially breach any of the provisions of this Agreement, including any attempt to commence, continue, join in, or in any other manner attempt to assert in a court, administrative or arbitral proceeding any claim released in connection herewith, the Company shall be entitled to recover all payments and benefits already made or provided by it under Sections 2(b), 2(c), 2(d), 2(e), and 2(f) of this Agreement (except for $100), including the cancellation of all outstanding options, in addition to all damages, attorney's fees and costs, the Company incurs in connection with Executive's breach of this Agreement. Executive further agrees that the Company shall be entitled to the repayments and recovery of damages described above without waiver of or prejudice to the release granted by him in connection with this Agreement, and that his proven violation or breach of this Agreement shall forever release and discharge the Company from the performance of its obligations to make payments hereunder.

9. Miscellaneous.

(a) Entire Agreement. This Agreement is the entire agreement between Executive and the Company with respect to his resignation and the termination of his employment with the Company. This Agreement may not be modified or canceled in any manner except by a writing signed by both Executive and an authorized officer of the Company. In deciding to sign this Agreement, Executive has not relied on any statement by anyone associated with the Company that is not contained in this Agreement. Executive acknowledges that the Company has made no promises, assurances, or representations of any kind to Executive with respect to his resignation and the termination of his employment with the Company, other than those explicitly contained in this Agreement.

(b) Binding Effect; Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors, assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(c) Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand or e-mailed as follows:

(i) if to the Company:

Discovery Laboratories, Inc.
2600 Kelly Road, Suite 100
Warrington, PA 18976
Attn: Mary B. Templeton, Esq.,
Senior Vice President, General Counsel and Corporate Secretary

E-mail: mtempleton@discoverylabs.com

(ii) if to the Executive:

W. Thomas Amick
At the home address of Mr. Amick on the Company's records

Telephone and email: as reflected on the Company's records

Addresses may be changed by written notice sent to the other party at the last recorded address of that party.

(d) Consideration Period. Executive acknowledges that the Company has advised him to consult with an attorney prior to executing this Agreement. Executive also acknowledges that he has been given a period of at least 21 days within which to consider the Agreement. For a period of seven days following his execution of this Agreement (the "Revocation Period"), Executive may revoke this Agreement by sending notice of revocation by e-mail as set forth in Section 6(c) above. This Agreement shall not become effective or enforceable until the eighth (8^{th}) day after it is signed by the Executive (the "Effective Date").

(e) Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction or arbitrator to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(f) Interpretation and Governing Law. This Agreement shall be construed as a whole according to its fair meaning. It shall not be construed strictly for or against Executive or the Company. This Agreement shall be governed by the statutes and common law of the Commonwealth of Pennsylvania, excluding its choice of law statutes and common law.

(g) Company Representations. The Company represents and warrants as follows: (a) it is a corporation validly existing and in good standing under the laws of the State of Delaware, (b) it has full corporate power to enter into and perform its obligations under this Agreement and has obtained all necessary consents related thereto, and (c) this Agreement has been duly executed and delivered by it and is binding and enforceable against it in accordance with its terms.

(h) Headings. The headings to the Sections of this Agreement are for convenience of reference only and shall not be given any effect in the construction or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute but one and the same document. One or more counterparts of this Agreement may be delivered by via telecopy or other electronic means, with the intention that they shall have the same effect as an original counterpart of this Agreement.

EXECUTIVE IS ADVISED TO READ THIS AGREEMENT AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. IT INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS.

[Signatures appear on the next page.]

IN WITNESS WHEREOF and intending to be legally bound, Executive and the Company have executed this Agreement on the dates indicated below:

EXECUTIVE

/s/ W. Thomas Amick

W. Thomas Amick

DISCOVERY LABORATORIES, INC.

/s/ Mary B. Templeton

By: Mary B. Templeton

Senior Vice President, General Counsel
and Corporate Secretary

EXHIBIT 10.2

INDEMNIFICATION AGREEMENT ("Agreement") effective as of January 3, 2013, between DISCOVERY LABORATORIES, INC., a Delaware corporation (the "Company"), and JOSEPH M. MAHADY ("Indemnitee").

The Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and to do so free from undue concerns for claims or damages arising out of or related to such service to the Company.

In order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and the advancement of related expenses to, Indemnitee to the maximum extent permitted by law.

Section 145 of the General Corporation Law of the State of Delaware (the "DGCL") empowers the Company to indemnify its directors, officers, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive.

The Company and Indemnitee recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited.

The Board of Directors of the Company has determined that not only is it reasonable and prudent but necessary to promote the best interests of the Company and its stockholders that the Indemnitee be indemnified and advanced expenses as set forth herein.

Accordingly, the Company and Indemnitee hereby agree as follows:

Section 1. Certain Definitions.

a. "Board" shall mean the Board of Directors of the Company.

b. "Change in Control" shall mean, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the "beneficial owner" (as defined in Rule 13d-3 as promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's Shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) a merger or consolidation of the Company is consummated with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 60% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (iv) the Shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

c. "Claim" shall mean with respect to a Covered Event: any loss, damage or liability, or any threatened, pending or completed action, suit, proceeding, arbitration or alternative dispute resolution mechanism, or any hearing, inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, regulatory, investigative or other.

d. "Covered Event" shall mean any event or occurrence directly or indirectly related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of any action or inaction on the part of Indemnitee while serving in such capacity.

e. "Expenses" shall mean any and all reasonable expenses (including attorneys' fees and all other costs, expenses and obligations actually incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, to be a witness in or to participate in, any action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation), judgments, fines, penalties and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) of, or in connection with, any Claim in which Indemnitee is or is threatened to be a party, and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement.

f. "Expense Advance" shall mean a payment to Indemnitee, pursuant to Section 2(e), of Expenses in advance of the settlement of or final judgment of any Claim.

g. "Independent Legal Counsel" shall mean an attorney or firm of attorneys, selected in accordance with Section 3(a), who shall not have otherwise performed services for the Company or Indemnitee within the last three years of the applicable Covered Event (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other Indemnitees under similar indemnity agreements).

h. References to "other enterprises" shall include employee benefit plans; references to "fines" shall include, without limitation, any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include, without limitation, any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

i. "Reviewing Party" shall mean any person or body appointed by the Board pursuant to Section 3(a) and in accordance with applicable law, which shall include (i) a majority of the members of the Board that are not parties to the Claim, (ii) a committee of such members of the Board, (iii) Independent Legal Counsel by way of a written opinion or (iv) the stockholders of the Company.

j. "Section" refers to a Section of this Agreement unless otherwise indicated.

k. "Voting Securities" shall mean any securities of the Company of which, the holders of such securities vote generally in the election of directors.

Section 2. Indemnification.

a. Indemnity in Third Party Proceeding. The Company shall indemnify the Indemnitee if the Indemnitee is a party to, or threatened to be made a party to or otherwise involved in any Claim against any and all Expenses actually and reasonably incurred by him in connection with such Claim, but only if the Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

b. Indemnity in Derivative Actions. The Company shall indemnify the Indemnitee if the Indemnitee is a party to, or threatened to be made a party to or otherwise involved in any Claim by or in the right of the Company to procure a judgment in its favor against any and all Expenses actually and reasonably incurred by the Indemnitee in connection with such Claim, but only if the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification under this Section 2(b) shall be made in respect of any Claim as to which the Indemnitee shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction for gross negligence or willful misconduct in the performance of its duty to the Company, unless and only to the extent that any court in which such claim was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such Expenses as such court shall deem proper.

c. Indemnification as Witness. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is involved in any investigative proceeding in connection with Indemnitee's service to the Company, including but not limited to testifying as a witness or furnishing documents in response to a subpoena or otherwise, the Indemnitee shall be indemnified for any and all Expenses actually and reasonably incurred by or for him in connection therewith.

d. Partial Idemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses actually and reasonably incurred by him in connection with a Claim but is not entitled, however, to indemnification for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion thereof to which the Indemnitee is entitled.

e. Advancement of Expenses. Subject to Sections 3, 4(a) and 10(b), the Company shall provide Indemnitee with Expense Advances from time to time in order to account for all Expenses.

f. Mandatory Payment of Expenses. Notwithstanding any other provision of this Agreement other than Sections 4(d) and 9, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any Claim (as to which all rights of appeal therefrom have been exhausted or lapsed), Indemnitee shall be indemnified against all Expenses incurred by Indemnitee in connection therewith.

Section 3. Review

a. Selection of Reviewing Party. Within 30 days of receipt of written notice by the Company of Indemnitee's notice of the existence of a Claim pursuant to Section 4(b), the Board shall appoint a Reviewing Party, the function of which shall be to review the Company's obligations hereunder or under any other agreement or under the Company's Articles of Incorporation or Bylaws as now or hereafter in effect, or under any other applicable law (the "Operative Materials"); provided, however, that if there has been a Change in Control (other than a Change in Control which has been approved by a majority of the directors of the Board who were directors immediately prior to such Change in Control), a majority of the directors of the Board that are not parties to the Claim may direct that the Reviewing Party shall be an Independent Legal Counsel selected by Indemnitee (subject to the last sentence of this Section 3(a)) and approved by the Company (which approval shall not be unreasonably withheld).

Such Independent Legal Counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee is entitled to be indemnified under the Operative Materials, and the Company hereby agrees to abide by such opinion. The Company agrees to pay the reasonable fees and expenses of the Independent Legal Counsel referred to above and to indemnify fully such Independent Legal Counsel against any and all reasonable expenses (including reasonable attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Notwithstanding any other provision of this Agreement, the Company shall not be required to pay the fees and expenses of more than one Independent Legal Counsel in connection with all matters concerning a single Indemnitee, and such Independent Legal Counsel shall be the Independent Legal Counsel for any or all other Indemnitees unless (i) the selection of separate counsel by one or more Indemnitees has been previously authorized by the Company in writing, or (ii) an Indemnitee shall have provided to the Company a written statement that such Indemnitee has reasonably concluded in good faith that there may be a conflict of interest between such Indemnitee and the other Indemnitees with respect to the matters arising under this Agreement.

b. Non-indemnifiable Determination; Repayment Obligation. Notwithstanding anything to the contrary in this Agreement, in the event that (i) any Reviewing Party shall determine that Indemnitee is not entitled to indemnification for Expenses under the Operative Materials or (ii) it shall ultimately be determined in a final, non-appealable judgment that the Indemnitee is not entitled to be indemnified by the Company or that Indemnitee did not act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was lawful or (iii) that the Company is prohibited from indemnifying Indemnitee pursuant to Sections 4(h) or 7, (x) the Company shall have no further obligation to make any payments to or on behalf of Indemnitee pursuant to this Agreement, and (y) the Company shall as promptly as practicable be reimbursed by Indemnitee for all Expenses and/or Expense Advances theretofore paid to or on behalf of Indemnitee. In furtherance of Indemnitee's obligation to reimburse the Company pursuant to the immediately preceding sentence, as a condition to the payment of any Expenses and/or Expense Advances, the Indemnitee shall provide the Company with reasonable assurance of the repayment of such Expenses and/or Expense Advances including, but not limited to, an indemnity bond, letter-of-credit, secured promissory note, or deposit into an escrow account as shall be required by the Company in its good faith discretion.

c. Indemnitee's Right to Challenge Review; Binding Effect. If any Reviewing Party determines that Indemnitee is not entitled to be indemnified hereunder in whole or in part under the Operative Materials, Indemnitee shall have the right to challenge such determination within 90 days of the determination by the Reviewing Party, in accordance with Section 8. In such case, any determination made by any Reviewing Party that Indemnitee is not entitled to indemnification and/or Expense Advances under the Operative Materials shall not be binding, and Indemnitee shall not be required to reimburse the Company for any Expenses and/or Expense Advances theretofore paid to or on behalf of Indemnitee until a final determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Absent such challenge, any determination by any Reviewing Party shall be conclusive and binding on the Company and Indemnitee.

Section 4. Procedures for Indemnification and Expense Advances.

a. Demand for Payment; Timing of Payments. All payments of Expenses (including, without limitation, Expense Advances) by the Company to or on the behalf of the Indemnitee pursuant to this Agreement shall be made to the fullest extent permitted by law as soon as practicable after written demand by Indemnitee therefor is presented to the Company, but in no event later than 30 business days after such written demand by Indemnitee is presented to the Company, except in the case of Expense Advances, which shall be made no later than 10 business days after such written demand by Indemnitee is presented to the Company. In the case of a written demand for Expense Advances, such demand will include an affidavit from Indemnitee's counsel as to the reasonableness of such Expense Advance, which affidavit will be conclusive proof for all purposes that such Expense Advance is reasonable.

b. Notice/Cooperation by Indemnitee. Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified or to receive Expense Advances under this Agreement, give the Company notice in writing as soon as practicable of any Claim made, or to Indemnitee's knowledge, threatened against Indemnitee for which indemnification will or could be sought under this Agreement; provided, however, that Indemnitee's failure to provide notice in connection with such a threatened Claim shall not affect Indemnitee's right to any such indemnification or Expense Advances unless such failure prejudiced the direct or indirect rights of the Company. Notice to the Company shall be directed to the Chief Executive Officer of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee). In addition, Indemnitee shall promptly give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

c. No Presumptions; Burden of Proof. For purposes of this Agreement, the termination of any Claim in a manner adverse to Indemnitee, either by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not, by itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that indemnification is not permitted by this Agreement or the Operative Materials, unless there has been a specific finding of fact, conclusion of law or an admission by Indemnitee as part of the termination of such Claim with respect to such standard of conduct, belief or permissibility of indemnification. In addition, neither the failure of any Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by any Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of proceedings by Indemnitee pursuant to Section 3(a) to secure a determination that Indemnitee should be indemnified under this Agreement under the Operative Materials, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by any Reviewing Party or otherwise as to whether the Indemnitee is entitled to be indemnified hereunder under the Operative Materials, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

d. Notice to Insurers. If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 4(b), the Company has liability insurance which may cover such Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the applicable policy or policies. The Company shall thereafter take all necessary or desirable actions to cause such insurers to pay on behalf of the Indemnitee, all amounts payable as a result of such Claim in accordance with the terms of such policy or policies.

e. Selection of Counsel. In the event the Company shall be obligated hereunder to provide indemnification for, or make any Expense Advances with respect to, any Claim, the Company, if appropriate, shall be entitled to assume the defense of such Claim with counsel approved by Indemnitee (which approval shall not be unreasonably withheld) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently retained by or on behalf of Indemnitee with respect to the same Claim; provided, that (i) Indemnitee shall have the right to employ separate counsel for any such Claim at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded, and has provided the Company with the written opinion of counsel reasonably acceptable to the Company to the effect, that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or (C) the Company shall not continue to retain counsel to defend such Claim, then the reasonable fees and expenses of Indemnitee's separate counsel shall be Expenses for which Indemnitee may receive indemnification and/or Expense Advances hereunder.

f. Expenses Incurred in Action Relating to Enforcement or Interpretation. In the event that any action is instituted by Indemnitee under this Agreement including, but not limited to, a proceeding described in Sections 3 or 8 or under any liability insurance policies maintained by the Company, to enforce or interpret any of the terms hereof or thereof, Indemnitee shall be entitled to be indemnified for all Expenses actually and reasonably incurred by Indemnitee with respect to such action only if Indemnitee is ultimately successful in any such action; provided, however, that until such final determination is made, Indemnitee shall be entitled to receive payment of Expense Advances hereunder (and may be obligated to repay such Expense Advances) with respect to such action as provided in, and subject to, Section 2(e). In the event of an action instituted by or in the name of the Company under this Agreement to enforce or interpret any of the terms of this Agreement, Indemnitee shall be entitled to be indemnified for all Expenses incurred by Indemnitee in defense of such action (including, without limitation, reasonable costs and expenses incurred with respect to Indemnitee's counterclaims and cross-claims made in such action) only if Indemnitee is ultimately successful in any such action; provided, however, that until a final determination is made in such action, Indemnitee shall be entitled to receive payment of Expense Advances hereunder (and may be obligated to repay such Expense Advances) with respect to such action as provided in Section 2(e).

Section 5. Additional Indemnification Rights; Nonexclusivity.

a. Scope. The Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification may not be specifically authorized by the Operative Materials. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a director, officer, employee, agent or fiduciary, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a director, officer, employee, agent or fiduciary, the Indemnitee's rights hereunder shall be narrowed accordingly, but only to the extent required by such law, statute or rule, and otherwise shall have no effect on this Agreement or the parties' rights and obligations hereunder.

b. Nonexclusivity. The indemnification and the payment of Expense Advances provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any other agreement, any vote of shareholders or disinterested directors, the DGCL or otherwise.

Section 6. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, provision of the Company's Restated Certificate of Incorporation, Bylaws or otherwise) of the amounts otherwise payable hereunder.

Section 7. Mutual Acknowledgment. Both the Company and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Company from indemnifying its directors, officers, employees, agents or fiduciaries under this Agreement or otherwise. Indemnitee acknowledges that the Company has undertaken, or, in the future, the Securities and Exchange Commission (the "Commission") may require the Company to undertake, to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee. Indemnitee acknowledges and agrees that if, and to the extent that, indemnification is so prohibited in the written opinion of counsel to the Company, then the Company shall be relieved from any obligation that would cause the Company to violate any such laws or policies.

Section 8. Arbitration.

a. Any and all claims, disputes or controversies ("Disputes") arising under, out of, in connection with, or in relation to this Agreement shall be arbitrated in accordance with the terms and conditions of this Section 8; provided, that notwithstanding the above, either party may apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm.

b. As a condition precedent to a party's right to commence an arbitration pursuant to this Section 8, if a party in its sole discretion feels that a Dispute is unlikely to be resolved amicably by good faith negotiations between the parties, that party shall send written notice of the issues(s) in dispute, clearly marked "Dispute Notice", to the other party, demanding that the Dispute be settled by binding arbitration in accordance with this provision. The parties shall have 30 days from the date of receipt of the Dispute Notice to attempt a resolution of the Dispute by negotiations between their senior officials or representatives authorized to bind such parties.

c. If within 30 days of receipt of the Dispute Notice, the Dispute has not been resolved, either party may require the matter to be settled by final and binding arbitration by sending written notice of such election to the other party clearly marked "Arbitration Demand." Nothing contained herein shall operate to prevent either party from asserting counterclaim(s) in any arbitration commenced in accordance with this agreement, without need to comply with the procedural provisions of Section 8(b) and this Section 8(c).

d. The arbitration shall be filed with the office of the American Arbitration Association ("AAA") located in New York, NY, or such other AAA office as the parties may agree upon (without any obligation to so agree). The arbitration shall be conducted pursuant to the Commercial Arbitration Rules of AAA. In addition, the following rules and procedures shall apply to the arbitration:

1. The arbitral shall consist of three arbitrators. Each party shall nominate one arbitrator in the Arbitration Demand and the answer thereto, and the two arbitrators so named will then jointly appoint the third arbitrator as chairman of the arbitration tribunal within 10 days. If the two arbitrators selected by the parties shall be unable to agree upon a third arbitrator within such 10-day period, the third arbitrator shall be chosen in accordance with the Commercial Arbitration Rules of AAA. The third arbitrator shall have reasonable experience in the matter under dispute.

2. The administrative fee of AAA and the compensation and all other costs and expenses (the "Costs") of the arbitrators will be paid by the losing party of the proceeding.

3. The arbitrators shall have the sole authority to decide whether or not any Dispute between the parties is arbitrable.

4. The decision of the arbitrators, which shall be in writing and state the finding of facts and conclusions of law upon which the decision is based, shall be final and binding upon the parties, who shall carry forth and comply with such decision promptly after receipt thereof. Judgment upon the award rendered by the arbitrators may be entered by any competent court. Each party submits itself to the jurisdiction of the courts of the State of New York, but only for the entry and enforcement of judgment with respect to the decision of the arbitrators hereunder.

5. The arbitrators shall have the power to grant legal and equitable remedies (including, without limitation, specific performance) and award compensatory damages provided by applicable law, but shall not have the power or authority to award punitive damages. No party shall seek punitive damages relating to any matter under, arising out of, or in connection with or relating to this Agreement in any other forum.

e. Except as provided in Section 8(a), the provisions of this Section 8 shall be a complete defense to any suit, action or proceeding instituted in any federal, state or local court or before any administrative tribunal with respect to any Dispute arising with regard to this Agreement. Any party commencing a lawsuit in violation of this Section 8 shall pay the costs of the other party, including, without limitation, reasonable attorney's fees and defense costs; provided, however, this Section 8 shall not apply if, and to the extent that, it is inconsistent with an undertaking given by the Company (including an undertaking given after the date of this Agreement) to the Commission to submit to a court of competent jurisdiction the question whether indemnification by the Company for liabilities under the Securities Act of 1933 (the "Securities Act"), is against public policy as expressed in the Securities Act, and to be governed by the final adjudication of such issue. In such case, the determination by such court shall be deemed, for purposes of this Agreement, to be a determination pursuant to Section 8.

Section 9. Liability Insurance. To the extent the Company maintains liability insurance applicable to directors, officers, employees, agents or fiduciaries, Indemnitee shall be covered by such policies in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, agents or fiduciaries, if Indemnitee is not an officer or director but is a key employee, agent or fiduciary.

Section 10. Exceptions. Notwithstanding any other provision of this Agreement, the Company shall not be obligated pursuant to the terms of this Agreement:

a. Excluded Action or Omissions. To indemnify or make Expense Advances to Indemnitee with respect to Claims arising out of acts, omissions or transactions for which Indemnitee is prohibited from receiving indemnification under applicable law.

b. Claims Initiated by Indemnitee. To indemnify or make Expense Advances to Indemnitee with respect to Claims initiated or brought voluntarily by Indemnitee and not by way of defense, counterclaim or cross-claim, except (i) with respect to actions or proceedings brought pursuant to Sections 3 and 8 to establish or enforce a right to indemnification or Expense Advances under this Agreement or any other agreement or insurance policy or under the Company's Restated Certificate of Incorporation or Bylaws now or hereafter in effect relating to Claims for Covered Events (but in each case, only to the extent permitted by Section 8), (ii) in specific cases if the Board has approved the initiation or bringing of such Claim or (iii) as otherwise required under Section 145 of the DGCL.

c. Claims under Section 16(b). To indemnify Indemnitee for Expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Exchange Act, or any similar successor statute.

Section 11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

Section 12. Binding Effect; Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer, employee, agent or fiduciary (as applicable) of the Company or of any other enterprise at the Company's request.

Section 13. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

Section 14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and signed for by the party addressed, on the date of such delivery, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

Section 15. Consent to Jurisdiction. Subject to Section 8, the Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of New York for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the state courts of the State of New York, which shall be the exclusive and only proper forum for adjudicating such a claim.

Section 16. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 17. Choice of Law. Other than the provisions relating to indemnification of directors, officers, employees and agents contained in the DGCL and the Securities Act with respect to Delaware corporations and the sale of securities respectively, this Agreement, and all rights, remedies, liabilities, powers and duties of the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of New York as applied to contracts between New York residents entered into and to be performed entirely in the State of New York without regard to principles of conflicts of laws of such State.

Section 18. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

Section 19. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by both the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

Section 20. Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

Section 21. No Construction as Employment Agreement. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ of the Company or any of its subsidiaries or affiliated entities.

Section 22. Right to Set-Off. In the event that the Company is obligated to make any payment to Indemnitee (other than Expense Advances) pursuant to this Agreement and Indemnitee is indebted to the Company for any reason whatsoever, the Company may set-off from such payments any amount owed to the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement as of the date first above written.

DISCOVERY LABORATORIES, INC.

By: /s/ Mary B. Templeton
Name: Mary B. Templeton
Title: Senior Vice President,
General Counsel and Corporate Secretary

INDEMNITEE:

/s/ Joseph M. Mahady
Name: Joseph M. Mahady

EXHIBIT 99.1

Discovery Labs Announces Changes to Board of Directors and Appoints a New Chief Executive Officer

Warrington, PA - January 04, 2013 – Discovery Laboratories, Inc. (NASDAQ: DSCO), a specialty biotechnology company dedicated to advancing a new standard in respiratory critical care, today announced changes to its board of directors and appointed a new Chief Executive Officer (CEO). The following changes are effective immediately:

- W. Thomas Amick, age 70, has resigned as Chairman of the board of directors and CEO. Mr. Amick served on the board since March 2004, was Chairman of the board since March 2007, and was the Company's CEO since October 2010.

- John G. Cooper, age 54, has been named Discovery Labs' President and CEO and has been elected to the Company's board of directors. Mr. Cooper served as Discovery Labs' Executive Vice President and Chief Financial Officer (CFO) from 2002-2010 and was appointed President and CFO in 2010. Mr. Cooper will continue to serve as Discovery Labs' CFO.

- John R. Leone, age 65, has been appointed Chairman of the board. Mr. Leone was elected to the Discovery Labs' board in November 2012. Mr. Leone brings to the Company significant expertise and an outstanding track record in commercializing new products and technologies in the biopharmaceutical industry. Mr. Leone's career roles have included President and CEO at Cambrex Corporation, Senior Vice President and Chief Operating Officer of U.S. Commercial Operations at Aventis Pharmaceuticals, and Senior Vice President & General Manager at Rhone-Poulenc Rorer Pharmaceuticals. Mr. Leone is currently a Partner at Paul Capital Healthcare where he focuses on investment opportunities in commercial-stage life science companies.

- Joseph M. Mahady, age 59, has joined the Company's board of directors. Mr. Mahady brings to Discovery Labs extensive strategic and operational experience in the biopharmaceutical industry. Mr. Mahady had a 30-year career with Wyeth Corporation where, until its acquisition by Pfizer Inc., he served as President – Wyeth Pharmaceuticals, responsible for directing worldwide operations for the company's $20 billion global pharmaceutical business. Mr. Mahady has broad international commercial experience, including a direct leadership role in more than 30 product launches, and a successful record of developing profitable businesses based on transformational technologies.

- Dr. Max Link, age 72, and Dr. Antonio Esteve, age 55, have resigned from the Company's board. Dr. Link has served on the Company's Board since October 1996 and has been Chairman of the Audit Committee since 2006. Dr. Esteve has been a member of the board since May 2002.

"The board thanks Tom Amick, Max Link, and Toni Esteve for their many years of service and helping position Discovery Labs for a promising future." said John R. Leone. "Our newly-constituted board will build on this foundation. We believe that Discovery Labs' KL4 surfactant and aerosol delivery technologies can bring transformational improvements to neonatal respiratory critical care. We are committed to building a specialized biotechnology company that has the potential to establish new standards in respiratory critical care."

In March 2012, the U.S. Food and Drug Administration (FDA) approved SURFAXIN® for the prevention of respiratory distress syndrome (RDS) in premature infants who are at high risk of developing RDS. The U.S. commercial introduction of SURFAXIN is anticipated in the second quarter of 2013. SURFAXIN is the first synthetic, peptide-containing (KL4) surfactant approved by the FDA and the only alternative to animal derived surfactants. For more information about SURFAXIN, including important safety information, please visit www.surfaxin.com.

AEROSURF® (lucinactant for inhalation), aerosolized KL4 surfactant delivered via Discovery Labs' proprietary drug delivery technologies, is under development to address RDS in premature infants. AEROSURF may significantly expand the surfactant-eligible treatment population by providing neonatologists with a means of administering surfactant without the risks currently associated with invasive endotracheal intubation and mechanical ventilation. Phase 2 clinical trials for AEROSURF are anticipated to begin in the second half of 2013.

Recently, Discovery Labs initiated the introductory phase of the U.S. launch of its AFECTAIR® airway connector for infants receiving aerosolized medication in neonatal or pediatric intensive care units (NICU and PICU, respectively). The AFECTAIR device, developed as a component of the AEROSURF program, simplifies the delivery of aerosolized medications to critical care patients who require ventilatory support by introducing these medications directly at the patient interface.

ABOUT DISCOVERY LABS

Discovery Laboratories, Inc. is a specialty biotechnology company with one focus – to advance a new standard in respiratory critical care. Discovery Labs' novel proprietary KL4 surfactant technology produces a synthetic, peptide-containing surfactant that is structurally similar to pulmonary surfactant and is being developed in liquid, lyophilized, and aerosolized dosage forms. Discovery Labs is also developing its proprietary drug delivery technologies to enable efficient delivery of aerosolized KL4 surfactant and other inhaled therapies. Discovery Labs believes that its proprietary technologies make it possible, for the first time, to develop a significant pipeline of products to address a variety of respiratory diseases for which there frequently are few or no approved therapies.

Discovery Labs' strategy is initially focused on the development of its technologies to improve the management of respiratory distress syndrome (RDS) in premature infants. Discovery Labs' RDS product portfolio has the potential to become the new standard of care for RDS and, over time, to significantly expand the current worldwide RDS market.

For more information, please visit our website at www.Discoverylabs.com.

Forward-Looking Statements

To the extent that statements in this press release are not strictly historical, all such statements are forward-looking, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the statements made. Examples of such risks and uncertainties, including without limitation those related to the anticipated U.S. commercial introduction of SURFAXIN, in particular, with respect to activities related to Discovery Labs' (i) earlier determination that one of its analytical chemistry methods used to assess its drug product's conformance to specifications requires improvement and that an update to product specifications will be necessary, (ii) plans to improve and validate its analytical method, and (iii) submission of updated product specifications, with respect to which Discovery Labs awaits confirmation from the FDA; the development of AEROSURF, including the planned clinical program, and the development and commercial introduction of AFECTAIR in the U.S. and EU, are described in Discovery Labs' filings with the Securities and Exchange Commission including the most recent reports on Forms 10-K, 10-Q and 8-K, and any amendments thereto. Any forward-looking statement in this release speaks only as of the date on which it is made. The Company assumes no obligation to update or revise any forward-looking statements.

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EXHIBIT 99.2

Discovery Labs Initiates Launch of AFECTAIR®

First Phase of Launch Introduces New, Proprietary Technology to Select Neonatal and Pediatric Critical Care Centers

Warrington, PA - January 03, 2013 – Discovery Laboratories, Inc. (NASDAQ: DSCO), a specialty biotechnology company dedicated to advancing a new standard in respiratory critical care, today announced it has initiated the launch of its AFECTAIR® airway connector for infants receiving aerosolized medication in neonatal or pediatric intensive care units (NICU and PICU, respectively). The AFECTAIR device simplifies the delivery of aerosolized medication to critical care patients who require ventilatory support by introducing the medication directly at the patient interface.

The launch begins with an AFECTAIR user experience program in leading U.S. critical care centers that represent approximately ten percent of the Company's targeted institutions. The selected institutions are considered to be centers of influence within the neonatal and pediatric critical care community. The initial phase of this launch is intended to facilitate peer-to-peer exchange that will allow physicians and respiratory therapists to discuss the advantages and proper utilization of this novel device. This phase of the launch is anticipated to run through the first quarter of 2013 at which time Discovery Labs will initiate a broader introduction of AFECTAIR.

"We are very excited to formally introduce AFECTAIR to the neonatal and pediatric critical care community," said Thomas F. Miller, Chief Operating Officer at Discovery Labs. "The AFECTAIR technology exemplifies Discovery Labs' innovative spirit and progress toward advancing new standards in respiratory critical care."

The AFECTAIR technology was developed as a component of the AEROSURF® development program and is a proprietary, disposable device that simplifies the delivery of aerosolized medications to critical-care patients requiring ventilatory support such as intermittent mechanical ventilation or continuous positive airway pressure. To date, *in vitro* studies suggest that the AFECTAIR technology may be an effective new solution for delivering aerosolized medications to infants receiving ventilatory support while providing healthcare professionals with a simplified alternative to current practices. According to national health statistics and internal market assessment data, it is estimated that each year approximately 355,000 pediatric patients in the United States are eligible to receive aerosolized medications while requiring ventilator support.

Discovery Labs is also pursuing European Conformity (CE) marking for potential commercialization of AFECTAIR for infants in the European Union (EU) in 2013.

ABOUT AEROSURF
AEROSURF (lucinactant for inhalation), Discovery Labs' initial aerosolized KL4 surfactant product, is under development to address respiratory distress syndrome in premature infants. Through the effective delivery of aerosolized KL4 surfactant using Discovery Labs' proprietary capillary aerosol generator technology and AFECTAIR, AEROSURF may significantly expand the surfactant-eligible treatment population by providing neonatologists with a means of administering surfactant without the risks currently associated with invasive endotracheal intubation and mechanical ventilation.

ABOUT DISCOVERY LABS
Discovery Laboratories, Inc. is a specialty biotechnology company with one focus – to create life-saving products for patients with respiratory disease and improve the standard of care for pulmonary medicine. Discovery Labs' novel proprietary KL4 surfactant technology produces a synthetic, peptide-containing surfactant that is structurally similar to pulmonary surfactant and is being developed in liquid, lyophilized and aerosol dosage forms. Discovery Labs is also developing its proprietary drug delivery technologies to enable efficient, targeted upper respiratory or alveolar delivery of aerosolized KL4 surfactant. Discovery Labs believes that its proprietary technologies make it possible, for the first time, to develop a significant pipeline of surfactant products to address a variety of respiratory diseases for which there frequently are few or no approved therapies. For more information, please visit our website at www.Discoverylabs.com.

Forward-Looking Statements
To the extent that statements in this press release are not strictly historical, all such statements are forward-looking, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the statements made. Examples of such risks and uncertainties, including those related to the development and commercial introduction of AFECTAIR in the U.S. and EU, are described in Discovery Labs' filings with the Securities and Exchange Commission including the most recent reports on Forms 10-K, 10-Q and 8-K, and any amendments thereto. Any forward-looking statement in this release speaks only as of the date on which it is made. The Company assumes no obligation to update or revise any forward-looking statements.

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