

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

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

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or
Section 30(f) of the Investment Company Act of 1940

1. Name and address of Reporting Person*
Kanzer, Steven H., C.P.A., Esq.

(Last) (First) (MI)

350 South Main Street, Suite 307

(Street)

Doylestown PA 18901

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Discovery Laboratories, Inc. ("Discovery")
DSCO

3. IRS or Social Security Number
of Reporting Person (Voluntary) 000-00-0000

4. Statement for Month/Year		5. If Amendment, Date of Original (Month/Year)
January/1998		

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

- | | |
|--|--|
| <input checked="" type="checkbox"/> Director | <input type="checkbox"/> 10% Owner |
| <input type="checkbox"/> Officer
(give title below) | <input type="checkbox"/> Other (specify below) |
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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. Security Acquired (A) or Disposed of (D) (Instr. 3, 4 & 5)		
			Amount	(A) or (D)	Price

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Security Acquired (A) or Disposed of (D) (Instr. 3, 4 & 5)		
			Amount	(A) or (D)	Price

1. Title of Security (Instr. 3)	5. Amount of Securities Beneficially Owned at End of Fiscal Year (Instr. 3 & 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
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1. Title of Security (Instr. 3)	5. Amount of Securities Beneficially Owned at End of Fiscal Year (Instr. 3 & 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)

Remainder: Report on a separate line for each class of securities beneficially owned directly or indirectly. (Print or type Responses)

1. Title of Derivative Security (Instr. 3)	9. Number of Derivative Securities Beneficially Owned at End of Year (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
	215,530	D	

Explanation of Responses:
(1) Represents a right to buy.

(2) Shares of Common Stock of the Issuer subject to such options vest 25% at the time of the grant with the balance vesting in 36 equal monthly installments upon the Reporting Person's successive completion of service with the Issuer. Unvested shares of Common Stock of the Issuer subject to such options remain subjective to the Issuer's right to repurchase such shares at the then effective exercise price per share.

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Steven H. Kanzer

**Signature of Reporting Person

March 24, 1999

Date

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