
UNITED STATES
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**

April 16, 2015

Date of Report (Date of earliest event reported)

Discovery Laboratories, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-26422

(Commission File Number)

94-3171943

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.02. Termination of a Material Definitive Agreement

As further described in Item 5.02 of this Current Report on Form 8-K, the Employment Agreement dated April 1, 2013, as amended December 29, 2014 (the "Employment Agreement") between Discovery Laboratories, Inc. (the "Company") and Thomas F. Miller, Ph.D., MBA, Senior Vice President and Chief Operating Officer will terminate on April 17, 2015 (the "Separation Date"), except to the extent otherwise specifically provided in the Employment Agreement.

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

As further described in Item 1.01 of this Current Report on Form 8-K, on April 16, 2015, the Company terminated the Employment Agreement of Thomas F. Miller, Senior Vice President and Chief Operating Officer, effective April 17, 2015.

Under the terms of his Employment Agreement, Dr. Miller will be entitled, in addition to any benefits that are due under the Company's vested plans or other policy and on the condition that he enter into a separation agreement with the Company containing a plenary release of claims in a form acceptable to the Company, to the following payments and benefits in connection with a termination without Cause (as defined therein): (i) a pro rata bonus equal to that percent of Dr. Miller's Annual Bonus Amount (as defined in the Employment Agreement) that equals the number of days expressed as a percent in which Dr. Miller was employed by the Company in 2015, reduced to reflect the same percent of his pro rata Annual Bonus Amount that corresponds to the percent of the aggregate Annual Bonus Amounts actually paid to the Company's other contract executives with respect to 2015, payable at the time that the other contract executives are paid bonuses; (ii) once the plenary release has become final, a severance amount equal to the sum of Dr. Miller's base salary then in effect and his Annual Bonus Amount, payable in equal installments in accordance with the Company's regular payroll schedule, from the date of termination to the first anniversary of the date of termination (the "Severance Period"); (iii) during the Severance Period, if Dr. Miller elects benefits through the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company will continue to pay the Company's costs of benefits elected by Dr. Miller, under the same plans and on terms provided to active employees of the Company; and (iv) at the time that the plenary release becomes final, all vested stock options, restricted stock grants and other similar equity awards held by Dr. Miller shall continue to be exercisable during the Severance Period. From and after the Separation Date, Dr. Miller will forfeit all of his unvested stock options in accordance with the terms of the Company's 2011 Long-Term Incentive Plan. In addition, Dr. Miller also is subject to non-competition and non-solicitation restrictions for 12 months and 18 months, respectively, after the date of termination under a separate confidentiality agreement. All of the Company's obligations under the Employment Agreement will cease if at any time during the Severance Period Dr. Miller engages in a material breach of the Employment Agreement and fails to cure such breach within five business days after receipt from the Company of notice of such breach.

The foregoing summary of Dr. Miller's benefits is qualified in its entirety by the full text of the Employment Agreement, which was filed with the Securities and Exchange Commission on April 2, 2013 as Exhibit 10.1 to Discovery's Current Report on Form 8-K, and (for the Amendment dated December 29, 2014) on March 16, 2015 as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the period ended December 31, 2014, and is incorporated herein by reference.

Item 8.01. Other Events.

On April 16, 2015, the Company issued a press release announcing that it has completed enrollment in its AEROSURF® phase 2a clinical trial assessing the administration of a single dose of AEROSURF in premature infants 29-34 week gestational age (GA) with respiratory distress syndrome (RDS). The Company also is implementing a restructuring plan to voluntarily cease the commercialization of SURFAXIN® (lucinactant) Intratracheal Suspension and focus its resources on the development of its aerosolized KL4 surfactant for respiratory diseases, beginning with AEROSURF. A copy of the press release is attached as Exhibit 99.1 and is incorporated herein by reference.

In connection with the restructuring, the Company is reducing its workforce by 50 employees, from 108 to 58 employees. The reduction will affect a number of key functions of the Company, but is focused primarily on commercial infrastructure and SURFAXIN manufacturing at the Company's manufacturing facility in Totowa, NJ. Affected employees are eligible for certain severance and other benefits consistent with their position and tenure with the Company. In addition, the Company expects to record a one-time restructuring charge of approximately \$3.5 million in the second quarter of 2015. The Company currently anticipates that it will have sufficient cash available to support its operations and debt service obligations through the first quarter of 2016.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

[99.1](#) Press Release dated April 16, 2015.

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, cash flows, future revenues, the timing of planned clinical trials 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. Any forward-looking statement made by us in this Current Report on Form 8-K is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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: President and Chief Executive Officer

Date: April 16, 2015



Discovery Labs Completes Enrollment of AEROSURF® Phase 2a Clinical Trial and Restructures its Business to Focus on Development of AEROSURF® and Aerosolized KL4 Surfactant Pipeline

– Company Voluntarily Ceases Commercialization of SURFAXIN® –

Warrington, PA, April 16, 2015 — **Discovery Laboratories, Inc. (NASDAQ: DSCO)**, a specialty biotechnology company focused on developing aerosolized KL4 surfactant therapies for respiratory diseases, today announced that it has completed enrollment in its AEROSURF® phase 2a clinical trial assessing the administration of a single dose of AEROSURF in premature infants 29-34 week gestational age (GA) with respiratory distress syndrome (RDS). The company also is implementing a restructuring plan to voluntarily cease the commercialization of SURFAXIN® (lucinactant) Intratracheal Suspension and focus its resources on the development of its aerosolized KL4 surfactant for respiratory diseases, beginning with AEROSURF.

AEROSURF

The AEROSURF phase 2a trial is a multi-center, open-label trial to evaluate safety and tolerability of a single dose of aerosolized KL4 surfactant in premature infants (n = 48) 29 to 34 weeks GA who are receiving nasal continuous positive airway pressure (nCPAP) for RDS, compared to infants receiving nCPAP alone. The study evaluated three escalating doses of AEROSURF. In addition to evaluating safety and tolerability, another key objective is to establish proof of concept for the company's proprietary technology platform with (1) physiological data indicating that aerosolized KL4 surfactant is being effectively delivered into the lung of premature infants, and (2) acceptable performance by the novel capillary aerosol generator (CAG) technology in the neonatal intensive care unit (NICU). The company anticipates releasing the results of this trial and holding an investor conference call in approximately three to four weeks.

AEROSURF is the company's investigational combination drug/device product that combines its synthetic KL4 surfactant with its proprietary CAG. If AEROSURF is successfully developed and approved, neonatologists will be able to administer aerosolized KL4 surfactant to premature infants receiving nCPAP, without having to use invasive methods (intubation and mechanical ventilation – procedures that may each result in serious respiratory conditions and other complications) that currently are required to administer all surfactants. AEROSURF potentially will address this unmet medical need and may make possible the treatment of a significantly greater number of premature infants with RDS who could benefit from surfactant therapy but are currently not treated.

SURFAXIN

SURFAXIN is the company's first synthetic, peptide-containing (KL4) surfactant approved by the FDA for RDS. The company has made significant cash investments to support SURFAXIN including in manufacturing, marketing, medical and commercial activities. In 2014, cash outflows for those activities were approximately \$19.0 million. The decision to cease the commercialization of SURFAXIN is not based on any underlying safety or efficacy concern, but rather is compelled by the company's desire to preserve capital to advance AEROSURF and the KL4 surfactant pipeline.

The company initiated a plan that included actively pursuing a strategic alliance for SURFAXIN if it could be concluded on acceptable terms and within a reasonable time, but if such an alliance or collaboration arrangement could not be achieved, it planned to cease the commercialization of SURFAXIN. After evaluating the potential strategic alternatives, none of which could be accomplished on acceptable terms within a reasonable period of time, the company determined that ceasing the commercialization of SURFAXIN aligned best with its objectives to preserve (i) its rights and interests in AEROSURF and its KL4 surfactant pipeline and (ii) its capital to advance the AEROSURF clinical program.

As a result of the restructuring, the company's workforce will be reduced by approximately 50 percent, predominantly in commercial infrastructure and SURFAXIN manufacturing capabilities. The company expects to record a one-time restructuring charge of approximately \$3.5 million in the second quarter of 2015. The company anticipates it will have sufficient cash available to support its operations and debt service obligations through the first quarter of 2016.

John G. Cooper, Discovery Labs' President and Chief Executive Officer commented, "We believe that this strategic restructuring to focus on advancing AEROSURF and our pipeline has the potential to generate the greatest value for our stakeholders."

About Discovery Labs

Discovery Laboratories, Inc. is a specialty biotechnology company focused on developing aerosolized KL4 surfactant therapies for respiratory diseases. Surfactants are produced naturally in the lungs and are critical to survival and normal respiratory function. If surfactant deficiency or degradation occurs, the air sacs in the lungs can collapse, resulting in severe respiratory diseases and disorders. Discovery Labs' technology platforms include a novel synthetic peptide-containing (KL4) surfactant, that is structurally similar to pulmonary surfactant, and proprietary drug delivery technologies being developed to enable efficient delivery of aerosolized KL4 surfactant. Discovery Labs believes that its proprietary technology platform makes it possible, for the first time, to develop a significant pipeline of aerosolized surfactant products to address a variety of respiratory diseases for which there frequently are few or no approved therapies.

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, including projections of future cash balances and anticipated cash outflows, to differ materially from the statements made. Examples of such risks and uncertainties include without limitation: risks that Discovery Labs will be unable to secure significant additional capital as needed; risks related to the AEROSURF and other development programs, which may involve time-consuming and expensive pre-clinical studies and clinical trials that may be subject to potentially significant delays or regulatory holds, or fail; risks related to technology transfers to contract manufacturers and problems or delays encountered by Discovery Labs, contract manufacturers or suppliers in manufacturing drug products, drug substances, capillary aerosol generator devices and other materials on a timely basis and in sufficient amounts; risks relating to the rigorous regulatory requirements governing drug development activities; and other risks and uncertainties 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.

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