

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment # 2)*

Discovery Laboratories, Inc.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

254668106
(CUSIP Number)

December 31, 2003 (Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this schedule is filed:

- () Rule 13d-1(b)
() Rule 13d-1(c)
(X) Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following page(s))

| | | |
|---|---|------------------------------------|
| 1) | Name of Reporting Person S.S. or I.R.S. Identification No. of Above Person | Safeco Asset Management Company |
| 2) | Check the Appropriate Box if a Member of a Group (See Instructions) | (a) (b) |
| 3) | SEC Use Only | |
| 4) | Citizenship or Place of Organization | State of Washington |
| Number of Shares Bene- ficially Owned by Reporting Person With | (5) Sole Voting Power | 0 |
| | (6) Shared Voting Power | 1,236,666 |
| | (7) Sole Dispositive Power | 0 |
| | (8) Shared Dispositive Power | 1,236,666 |
| 9) | Aggregate Amount Beneficially Owned by Reporting Person | 1,236,666(1) |
| 10) | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) | |

11) Percent of Class Represented
by Amount in Row 9 2.9%

12) Type of Reporting Person IA
(See Instructions)

- - - - -
1 The Reporting Person disclaims any beneficial ownership of the shares reported on this joint 13G. The reported shares are owned beneficially by registered investment companies for which the Reporting Person serves as an adviser.

| | | |
|---|---|---------------------|
| 1) | Name of Reporting Person S.S. or I.R.S. Identification No. of Above Person | Safeco Corporation |
| 2) | Check the Appropriate Box if a Member of a Group (See Instructions) | (a) <hr/> (b) |
| 3) | SEC Use Only | |
| 4) | Citizenship or Place of Organization | State of Washington |
| Number of Shares Bene- ficially Owned by Reporting Person With | (5) Sole Voting Power | 0 |
| | (6) Shared Voting Power | 1,236,666 |
| | (7) Sole Dispositive Power | 0 |
| | (8) Shared Dispositive Power | 1,236,666 |
| 9) | Aggregate Amount Beneficially Owned by Reporting Person | 1,236,666(2) |
| 10) | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) | |
| 11) | Percent of Class Represented by Amount in Row 9 | 2.9% |
| 12) | Type of Reporting Person (See Instructions) | HC |

2 The Reporting Person disclaims any beneficial ownership of the shares reported on this joint 13G. The reported shares are owned beneficially by registered investment companies for which a subsidiary of the Reporting Person serves as an adviser.

- Item 1(a). Name of Issuer: See front cover
- Item 1(b). Address of Issuer Principal Executive Offices:
350 South Main Street, Suite 307, Doylestown, PA, 18901
- Item 2(a). Name of Person(s) Filing: See Item 1 on cover page (pp 2-3).
- Item 2(b). Address of Principal Business Office or, If None, Residence:
Safeco Corporation: Safeco Plaza, Seattle, WA 98185
Safeco Asset Management Company:
601 Union Street, Suite 2500, Seattle, WA 98101
- Item 2(c). Citizenship: See Item 4 on cover page (pp 2-3).
- Item 2(d). Title of Class of Securities: See front cover page.
- Item 2(e). CUSIP Number: See front cover page.
- Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the persons filing are:
- (a) Broker or Dealer registered under Section 15 of the Act.
 - (b) Bank as defined in Section 3(a)(6) of the Act.
 - (c) Insurance Company as defined in Section 3(a)(19) of the Act.
 - (d) Investment Company registered under Section 8 of the Investment Company Act of 1940.
 - (e) Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940.
 - (f) Employee Benefit Plan, Pension Fund which is subject to provisions of Employee Retirement Income Security Act of 1974 or Endowment Fund; see Rule 13d-1(b)(1)(ii)(F).
 - (g) Parent Holding Company in accordance with Rule 13d-1(b)(ii)(G).
 - (h) Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act.
 - (i) Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940.
 - (j) Group, in accordance with Rule 13d-1(b)(1)(ii)(H).

Item 4. Ownership:

Items (a) through (c): See items 1 and 5-11 of the cover pages (pp 2-3).

Safeco Asset Management Company and Safeco Corporation expressly declare that the filing of this statement on Schedule 13G shall not be construed as an admission that they are, for the purposes of Section 13(d) or 13(g) of the Securities and Exchange Act of 1934, the beneficial owners of any securities covered by this statement. Each of such companies is filing this statement because it is considered an indirect beneficial owner of such securities based on its ownership or control of one or more investment companies which directly own such shares.

Item 5. Ownership of 5% or Less of a Class:

This statement is filed to report that as of December 31, 2003, the reporting persons have ceased to be the beneficial owners of more than 5% of the common stock of Discovery Laboratories, Inc.

Item 6. Ownership of More than 5% on Behalf of Another Person: Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Safeco Asset Management Company is the subsidiary on which Safeco Corporation is reporting as the parent holding company. Safeco Asset Management Company is an investment adviser as specified in Item 12 on the cover page (p. 2), and reported shares are owned beneficially by registered investment companies for which Safeco Asset Management Company serves as investment adviser.

Item 8. Identification and Classification of Members of the Group.
Not applicable.

Item 9. Notice of Dissolution of Group. Not applicable.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of such securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Exhibits.

The statement required by Rule 13d-1(k) is attached as Exhibit A.

Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: July 20, 2004

Safeco Corporation

By /s/ Ronald L. Spaulding

 Ronald L. Spaulding
 Vice President and Treasurer

Safeco Asset Management Company

By /s/ David H. Longhurst

 David H. Longhurst
Vice President, Secretary and Treasurer

EXHIBIT A

Agreement for filing Schedule 13-G.

Pursuant to the requirements of Regulation 13d-1(k), Safeco Corporation and Safeco Asset Management Company each agree that Schedule 13-G filed by them with regard to Discovery Laboratories, Inc.'s common stock is filed on behalf of each of them.

Date: July 20, 2004

Safeco Corporation

By /s/ Ronald L. Spaulding

 Ronald L. Spaulding
 Vice President and Treasurer

Safeco Asset Management Company

By /s/ David H. Longhurst

 David H. Longhurst
Vice President, Secretary and Treasurer