

FOR IMMEDIATE RELEASE

LAUREATE PHARMA COMPLETES SALE OF TOTOWA, NJ OPERATIONS TO DISCOVERY LABORATORIES FOR \$16.0 MILLION

Laureate's Bioprocessing Facility at Princeton, NJ to be Expanded

Princeton, NJ - January 3, 2006 – Laureate Pharma, Inc., a wholly-owned subsidiary of Safeguard Scientifics, Inc. (NYSE: SFE), announced today that it had completed the previously announced sale of its Totowa, NJ operations to Discovery Laboratories, Inc. (NASDAQ: DSCO) for \$16.0 million in cash. Laureate Pharma, a provider of bioprocessing services to pharmaceutical and biopharmaceutical companies, conducts its principal operations at its Princeton, NJ facility. Its Totowa site has been dedicated largely to work for Discovery Laboratories over the past two years as that company conducted clinical trials of its lead product, Surfaxin[®].

“This is a win-win for Laureate Pharma and its customers, as well as for Safeguard and its shareholders,” said Peter J. Boni, President and CEO of Safeguard Scientifics. “We are pleased to have been able to help Laureate complete this strategic transaction. It provides Laureate Pharma significant additional resources to enhance its Princeton operations enabling the company to continue offering its customers the highest quality, most efficient services. With closing of this deal, Discovery Labs moves closer to its goal of becoming a fully integrated biotechnology company and can prepare for the anticipated launch of its lead product in 2006. And finally, Safeguard will report a significant gain on the sale in the fourth quarter of 2005, just one year after we acquired Laureate Pharma.”

“We will continue to assist Discovery Labs with services from our Princeton bioprocessing facility as they progress toward full-scale commercial production of their initial product,” said Robert J. Broeze, Ph.D., President and CEO of Laureate Pharma. “We plan to use part of the proceeds from the sale of the Totowa operations to add new bioprocessing equipment and

make capital improvements at our Princeton facility to better serve our pharmaceutical and biopharmaceutical clients. We are grateful to Safeguard Scientifics for its assistance in completing this transaction.”

About Safeguard

Safeguard Scientifics, Inc. (NYSE: SFE) advances the value of revenue-stage information technology and life sciences companies. Safeguard provides growth capital as well as a range of strategic, operating and management resources to help its partner companies build value in their businesses. The company participates in expansion financings, management buyouts, recapitalizations, industry consolidations and early-stage financings. For more information about Safeguard, please contact Janine Dusossoit, Vice President of Corporate Communications at (610) 975-4952, or visit www.safeguard.com.

About Laureate Pharma, Inc.

Laureate Pharma is a full service CMO with headquarters in Princeton, NJ. The company is dedicated to supporting the development and commercialization of pharmaceutical products for pharmaceutical and biopharmaceutical companies. Laureate Pharma provides a wide range of product development services from process design and development to full-scale cGMP production, purification and aseptic filling, as well as corresponding testing, validation, analytical services and regulatory support. The company is focused on two active segments of the biopharmaceutical industry: monoclonal antibodies and recombinant protein products. Mammalian cells are grown in stirred-tank or hollow-fiber bioreactors for production of biopharmaceutical proteins, which are purified by state-of-the-art semi-automated chromatography systems. Laureate is a wholly owned subsidiary of Safeguard Scientifics (NYSE: SFE.) For more information on Laureate Pharma, please contact John Morris, Vice President & CFO, at (609) 919-3300, by email at info@laureatepharma.com or visit www.laureatepharma.com.

The statements contained in this news release that are not historical facts are forward looking statements which involve certain risks and uncertainties including, but not limited to, the ability of the company to complete the sale of the aforementioned business unit, the timing of the sales, and other uncertainties as described in the company's filings with the Securities and Exchange Commission. The company does not assume any obligation to update any forward looking statements or other information contained in this news release.