

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
INSMED INCORPORATED**

As Amended December 12, 2013

I. Organization and Composition

There shall be constituted a standing committee of the board of directors (the “**Board**”) of Insmmed Incorporated (the “**Corporation**”) known as the Compensation Committee (the “**Committee**”).

The Committee shall be comprised of not less than three directors. All members of the Committee shall satisfy the independence requirements of The NASDAQ Stock Market LLC (“**NASDAQ**”), as then in effect (the “**NASDAQ Rules**”), for directors and compensation committee members, as determined by the Board.

In addition, each member of the Committee shall qualify as an “outside director” under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), and as a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended. A subsequent determination that any member of the Committee does not qualify as an “outside director” or a “non-employee director” will not invalidate any previous actions by the Committee except to the extent required by law or determined appropriate to satisfy regulatory standards.

The members of the Committee shall be appointed by the Board and may be removed by the Board, with or without cause. Each member of the Committee shall serve for one year or until his or her successor is duly appointed and qualified. Unless a Chair is appointed by the Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. The Chair (whether appointed by the Board or elected by the members of the Committee) may be removed from the office of Chair of the Committee by the Board, with or without cause.

The duties and responsibilities of Committee members contained herein shall be in addition to those duties otherwise required for members of the Board.

II. Meetings and Action of the Committee

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but at least quarterly. Meetings may be held telephonically or by any other means which allows all of the members of the Committee to hear each other during the conduct of the meeting.

The Committee may invite to its meetings any director, member of management of the Corporation, or such other persons as it deems appropriate in order to carry out its responsibilities. Conversely, the Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities and shall exclude members of

management (individually or collectively) from meetings, as appropriate, when management's compensation is being discussed.

A majority of the members of the Committee shall constitute a quorum for the transaction of business at a meeting, and the act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. In lieu of a meeting, the Committee may act by unanimous written consent.

The Committee shall maintain minutes of meetings and shall report to the full Board, including any recommendations the Committee deems appropriate, following each meeting of the Committee at the next regularly scheduled meeting of the Board or sooner, as circumstances may dictate.

III. Purpose and Objectives

The Committee's primary purpose is to develop and oversee the implementation of the Corporation's philosophy with respect to the compensation of executive officers. The Committee shall have the overall responsibility for the executive and other compensation plans, policies, and programs on behalf of the Board.

The Committee's primary objective shall be to develop and maintain an executive compensation policy that seeks to (i) create a direct relationship between pay levels and corporate performance and returns to shareholders; (ii) provide overall competitive pay levels to effectively attract and retain executive talent; (iii) create proper incentives to enhance shareholder value; and (iv) reward superior performance. The Committee may utilize flexible compensation structures to attract, retain, motivate and appropriately reward executive officers, consistent with the foregoing objectives.

IV. Authority

The Committee shall have the authority to obtain and utilize, where it deems appropriate, comparative data regarding compensation practices. The Committee also shall have the authority, in its sole discretion, to retain or obtain the advice of such consultants, outside counsel and other advisors as it determines appropriate to assist it in the full performance of its functions, including any compensation consultant used to assist in the evaluation of director, Chief Executive Officer or executive compensation. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any consultants, outside counsel and other advisors retained by the Committee, and shall receive appropriate funding, as determined by the Committee, from the Corporation for payment of compensation to any such advisors. The Committee shall assess the independence of consultants, outside counsel and other advisors (whether retained by the Committee or management) that provide advice to the Committee, prior to selecting or receiving advice from them, in accordance with NASDAQ listing standards.

The Committee shall have the authority to form subcommittees and delegate authority to subcommittees or other persons as and when appropriate.

V. **Responsibilities and Duties**

In furtherance of the Committee's purpose and objectives, the Committee's specific responsibilities and duties shall be as follows:

- Review, amend and approve the Corporation's formal executive compensation plans and benefit programs for executive officers.
- Oversee the administration and operation of the Corporation's executive compensation and benefit programs.
- Assess the results of the Corporation's most recent advisory vote on executive compensation.
- Review and evaluate the performance of the Chief Executive Officer and recommend to the Board the individual elements of total compensation (including, without limitation, any severance and termination-based compensation) for the Chief Executive Officer, considering, among other things, individual performance, experience, prior compensation levels, and the general objective performance of the Corporation, as well as the compensation practices of peer companies and the markets where the Corporation competes for executive talent. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.
- Review and evaluate the performance of the executive officers of the Corporation other than the Chief Executive Officer and determine the individual elements of total compensation (including, without limitation, any severance and termination-based compensation) for the executive officers of the Corporation other than the Chief Executive Officer, considering, among other things, the evaluations and recommendations of the Chief Executive Officer, individual performance, the experience, prior compensation levels, and the general objective performance of the Corporation, as well as the compensation practices of peer companies and the markets where the Corporation competes for executive talent.
- Review the Corporation's performance against established corporate performance objectives as well as the individual performance of each executive officer and (i), in the case of the Chief Executive Officer, recommend to the Board for approval the annual incentive/bonus to be paid to the Chief Executive Officer, and (ii), in the case of the executive officers other than the Chief Executive Officer, determine the annual incentive/bonus to be paid to each such executive officer.
- Approve the terms and grant of equity awards for executive officers.
- Administer and make recommendations to the Board with respect to the Corporation's incentive compensation and equity-based plans that are subject to Board approval.

- At least biennially, review and recommend to the Board for its approval the appropriate level and form of compensation of non-employee directors, including annual retainer, meeting fees, stock awards and other compensation, and any changes to such compensation, as appropriate.
- At least annually, assess whether the work of compensation consultants involved in determining or recommending executive or director compensation has raised any conflict of interest that is required to be disclosed in the Corporation's proxy statement and Annual Report on Form 10-K.
- Review and consult with the Board on director's and officer's indemnification and insurance matters, including, without limitation, recommendations related to the appropriate levels of such insurance to be maintained by the Corporation.
- Review and discuss with management and approve the Compensation Discussion and Analysis ("*CD&A*") and related disclosures that Securities and Exchange Commission ("*SEC*") rules require to be included in the Corporation's proxy statement and Annual Report on Form 10-K, recommend to the Board based on such review and discussions whether the CD&A should be included in the proxy statement and Annual Report on Form 10-K, and oversee the preparation of an annual report of the Committee required by SEC rules for inclusion in the Corporation's proxy statement and Annual Report on Form 10-K.
- Review the Corporation's regulatory compliance with respect to compensation matters, including when compensation is intended to qualify as performance-based compensation under Section 162(m) of the Code, ensuring that reasonable efforts are made to structure compensation programs to preserve tax deductibility, and, as and when required, approving performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Code.
- Oversee the Corporation's engagement efforts with shareholders on the subject of executive compensation.
- Oversee and approve the management continuity planning process for positions held by executive officers, review plans relating to the succession of the chief executive officer and other executive officer positions, and make recommendations to the Board with respect to the selection of individuals to occupy these positions.
- Oversee the annual assessment of the Corporation's compensation policies and practices applicable to officers and employees as they relate to risk management at the Corporation, and review and report to the Board on the results of this assessment. The assessment shall include, without limitation, a review of the following (to the extent each impacts, enhances or mitigates potential risks):
 - the Corporation's overall risk and reward compensation structure;

- differences in compensation policies or practices across business functions of the Corporation;
- controls at the Corporation which may mitigate risk or risk taking activities by employees, as well as other compliance policies, practices and programs at the Corporation;
- management's decision-making and policy-making structures and practices; and
- the methodology used to define, update, and measure short-term and long-term objectives as part of the Corporation's compensation programs.

VI. Consistency with Articles of Incorporation and Bylaws

To the extent that any provision or section of this charter may be inconsistent with any article, provision or section of the Articles of Incorporation or Bylaws of the Corporation, the Articles of Incorporation or Bylaws, as appropriate, shall fully control.

VII. Additional Responsibilities and Authority

The Committee shall perform an annual self-assessment of its performance and shall, at least annually, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

The Committee shall perform any other activities that are deemed by the Board to be necessary or appropriate in light of the Committee's purpose and objectives or to carry out its duties and responsibilities.