

**CHARTER OF THE AUDIT 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 Audit Committee (the “**Committee**”).

The Committee shall be comprised of not less than three directors. All members of the Committee shall be “independent” within the meaning of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the rules promulgated by the Securities and Exchange Commission (the “**SEC**”) under the Exchange Act (the “**SEC Rules**”) and the rules of The NASDAQ Stock Market LLC (the “**NASDAQ Rules**”), as determined by the Board.

All members of the Committee must be able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement and cash flow statement, in compliance with the NASDAQ Rules. Furthermore, at least one member of the Audit Committee shall be an “audit committee financial expert,” as such term is defined by the SEC.

To promote independence and to otherwise avoid any potential conflicts of interest, members of the Committee may not: (i) accept or receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation (other than fees and equity received as compensation for serving as a director); (ii) be an affiliated person of the Corporation or any of its subsidiaries; or (iii) have participated in the preparation of the Corporation’s or any of its current subsidiaries’ financial statements at any time during the three years prior to such member’s appointment to the Committee.

Because of the significant time commitment involved in serving as a member of an audit committee, no member of the Committee may serve on the audit committee of more than three public companies unless the Board determines that such simultaneous service would not impair the ability of such member to serve effectively on the Committee and discloses such determination in the Corporation’s annual proxy statement.

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 once per calendar quarter. 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.

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 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 primary purpose of the Committee shall be to assist the Board in fulfilling its oversight responsibilities relating to the accounting, reporting and financial practices of the Corporation and its subsidiaries, as well as to oversee the Corporation's compliance with applicable legal and regulatory requirements, by reviewing and overseeing:

- the financial statements, financial reports and other financial information provided by the Corporation to any governmental body, the Corporation's shareholders or any other person outside of the Corporation;
- the Corporation's systems of internal controls regarding finance and accounting that management and the Board have established;
- the Corporation's auditing, accounting and financial reporting processes, including the audits of the Corporation's financial statements;
- the qualifications and independence of the Corporation's independent registered public accounting firm ("***Independent Auditor***");
- the appointment, retention and performance of the Independent Auditor and the performance of any internal audit functions; and
- the Corporation's compliance with legal and regulatory requirements.

As part of its primary objective to provide an independent, direct and open avenue of communication among the Independent Auditor, management and any company personnel in charge of internal auditing and the Board, the Committee shall meet periodically with each of the Corporation's management, any internal audit personnel, the Independent Auditor and the Corporation's General Counsel in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately. In addition, the Chair of the Committee shall meet at least once per calendar quarter, in person or by telephone, with the Independent Auditor and the Corporation's chief financial officer to review the Corporation's financial statements.

IV. Authority

The Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibilities. The Committee also shall have the authority, in its sole discretion, to retain or obtain the advice of accountants, outside counsel, experts and accounting or other advisors as it determines appropriate to assist it in the full performance of its functions. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

The responsibilities and duties set forth in this Charter are the sole responsibility of the Committee and may not be allocated to a different committee without prior approval of the Board. As and when appropriate in light of the foregoing, 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:

Financial Statement and Disclosure Matters

- Review and discuss the quarterly unaudited and annual audited financial statements with management and the Independent Auditor (including the Corporation's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Independent Auditor's reports related to the financial statements), prior to the Corporation's issuing its quarterly or year-end earnings release, as applicable, and filing its Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable.
- Determine whether to recommend to the Board the inclusion of the annual audited financial statements in the Corporation's Annual Report on Form 10-K for the applicable fiscal year.

Oversight of the Corporation's Relationship With the Independent Auditor

- In its capacity as a committee of the Board, be directly responsible for the appointment, compensation, retention and oversight of the work of the Independent Auditor. In this regard, the Committee will have the sole authority to appoint, compensate, retain (subject to ratification by the Corporation's shareholders), evaluate and terminate the Independent Auditor, which will report directly to the Committee, and to pre-approve all audit services, including the compensation of the Independent Auditor and all audit engagement fees and terms. The Committee may consult with management but shall not delegate these responsibilities to management.
- Review and discuss with the Independent Auditor the matters required to be discussed by the Independent Auditor under Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board ("**PCAOB**") and amended from time to time.
- Have the sole authority to, and shall, review and pre-approve, either pursuant to the Committee's Pre-Approval Policy or through a separate pre-approval by the Committee, any engagement of the Independent Auditor to provide any permitted non-audit service to the Corporation that is not prohibited by law.
- Receive and review periodic reports, at least annually, prepared by the Independent Auditor regarding:
 - the Independent Auditor's internal quality-control procedures; and
 - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- At least annually, consider the independence of the Independent Auditor and, consistent with the rules of the PCAOB, obtain and review a report by the Independent Auditor describing any relationships between the Independent Auditor and the Corporation or individuals in financial reporting oversight roles at the Corporation that may reasonably be thought to bear on the Independent Auditor's independence, and discuss with the Independent Auditor the potential effects of any such relationships on independence. As part of this process, the Committee should evaluate the qualifications, performance and independence of the Independent Auditor, including considering whether the Independent Auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the Independent Auditor's independence (and taking into account the views of management). The Committee shall present its conclusions to the Board.

Oversight of the Corporation's Internal Control Over Financial Reporting

- Review and approve the audit plan and scope of work to be performed by any internal audit function of the Corporation, and review and discuss with any principal internal auditor of the Corporation the results of any internal audit program.
- Annually review and discuss the performance and effectiveness of any internal audit function of the Corporation.
- Review and concur in the appointment, and dismissal when appropriate, of any principal internal auditor of the Corporation.
- Review and discuss the adequacy and effectiveness of the Corporation's internal control over financial reporting with management, any internal audit function of the Corporation and the Independent Auditor.
- Review management's annual report on internal control over financial reporting prior to the Corporation's inclusion of such annual report in the Corporation's Annual Report on Form 10-K.
- Review the Independent Auditor's attestation report regarding the Corporation's internal control over financial reporting prior to the inclusion of such attestation report in the Corporation's Annual Report on Form 10-K.
- Receive reports from management regarding, and review and discuss on at least an annual basis the adequacy and effectiveness of, the Corporation's disclosure controls, policies and procedures.
- Understand the scope of the Corporation's internal and Independent Auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses and corrective action plans.

Compliance Oversight Responsibilities

- Oversee the Corporation's compliance program with respect to legal and regulatory requirements, including the Corporation's Code of Business Conduct and Ethics and the Corporation's policies and procedures for monitoring compliance; and at least annually, meet to review the implementation and effectiveness of the Corporation's compliance program with the Corporation's General Counsel, who shall have the authority to communicate directly to the Audit Committee, promptly, about actual and alleged violations of law or the Corporation's Code of Business Conduct and Ethics, including any matters involving criminal or potential criminal conduct.
- Review and discuss earnings press releases, and corporate practices with respect to earnings press releases and financial information and earnings guidance provided to analysts and ratings agencies.

- Establish and oversee procedures for handling reports of potential misconduct, including: (i) violations of law or the Corporation’s Code of Business Conduct and Ethics; (ii) complaints received by the Corporation regarding accounting, internal accounting controls, auditing or federal securities law matters; and (iii) the confidential, anonymous submission by employees of the Corporation of concerns regarding accounting, internal accounting controls, auditing or federal securities law matters.
- At least annually, review and approve on behalf of the Corporation and its applicable subsidiaries, the Corporation’s decision to enter into swaps and other derivative transactions that are exempt from exchange-execution and clearance under “end-user exception” regulations established by the Commodity Futures Trading Commission, and review and discuss with management applicable Corporation policies governing the Corporation’s use of swaps subject to the end-user exception.
- Review and assess on at least an annual basis the Corporation’s hiring policies with regard to employees or former employees of the Independent Auditor.
- Review and reassess the adequacy of the Corporation’s Code of Business Conduct and Ethics and recommend changes to the Board for approval as appropriate.
- Oversee the preparation of the report of the Committee required by the rules and regulations promulgated by the SEC to be included in the Corporation’s annual proxy statement.

VI. Scope of the Committee’s Role

While the Committee has the responsibilities and powers set forth in this Charter, its function is one of oversight, whereas the planning and conduct of the audit is the responsibility of the Independent Auditor, and the financial statements are the responsibility of the Corporation’s management.

VII. Risk Oversight

The Committee shall be responsible for overseeing the Corporation’s program for identifying, evaluating and controlling significant risks. In connection with this responsibility, and in addition to the relevant duties and responsibilities discussed above, the Committee shall periodically discuss with management and the Independent Auditor the Corporation’s major risk exposures and the steps taken to monitor, control and minimize such exposures. The Committee shall also review and evaluate the Corporation’s processes and policies for identifying and assessing key risk areas and for formulating and implementing steps to address such risk areas. As part of this process, the Committee should develop and periodically review guidelines and policies to govern the process by which this is handled.

VIII. Related Party Transactions

The Committee shall also be responsible for establishing and periodically reviewing policies and procedures for the review, approval and ratification of related party transactions (as defined by applicable SEC Rules) and for reviewing all related party transactions subject to such policies and all information relating to any such related party transaction as the Committee deems appropriate under the circumstances, including the related party's interest in the transaction, the approximate dollar value involved in the transaction, whether the transaction was undertaken in the ordinary course of business, whether the terms of the transaction are no less favorable to the Corporation than terms that could have been reached with an unaffiliated third party and the purpose of and potential benefits to the Corporation of the transaction, and approving or ratifying each such related party transaction only upon the Committee's determination that, under all of the circumstances, such transaction is not inconsistent with the best interests of the Corporation. The Committee shall review any disclosures regarding related party transactions that are disclosed in the Corporation's filings with the SEC.

IX. 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.

X. 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.