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Insmmed Restructures to Advance Most Promising Drug Candidates and Optimize Resources

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RICHMOND, Va., Sep 23, 2002 (BUSINESS WIRE) -- Company to Focus on Development and Commercialization Of SomatoKine® and IND Preparation for New Clinical Candidate, IGFBP-3

Insmmed Incorporated (Nasdaq:INSM) announced today that it has restructured its operations to advance its most promising drug candidates while at the same time conserving its capital. This news closely follows its decision to discontinue internal development of one of its investigational drug candidates, INS-1.

The company's Phase II product candidate, SomatoKine®, is a biotherapeutic agent being developed as a growth promoting/anabolic agent and insulin sensitizer. SomatoKine® is currently in clinical development for growth hormone insensitivity syndrome (GHIS) and diabetes.

Insmmed recently announced the FDA's approval of orphan drug status for SomatoKine® in GHIS and the company plans to initiate a pivotal clinical trial in this disorder in early 2003. The company plans to continue its Phase II development program of SomatoKine® in type 1 and type 2 diabetes in 2003.

Insmmed is concurrently continuing pre-clinical studies and an Investigational New Drug (IND) preparation for IGFBP-3, a biotherapeutic that has shown promising anti-tumor efficacy. The company expects to be prepared to file an IND in the second half of 2003, and will actively seek strategic partnerships to develop the compound.

In order to ensure more efficient resource utilization Insmmed has reduced its workforce by 55%. The company expects this staff reduction will give it at least two year's cash reserve. At the end of second quarter 2002, the company had \$36.3 million in cash.

"This restructuring creates an organization that we believe is best positioned to optimally leverage our resources and at the same time create shareholder value," said Geoffrey Allan, Ph.D., president and chief executive officer of Insmmed. "We believe the company has the right mix of resources to fully exploit our promising drug candidates."

About SomatoKine®

The company's product candidate, SomatoKine®, is being developed as an insulin sensitizer and growth promoting/anabolic agent. The drug is the recombinant form of human insulin-like growth factor-I (IGF-I) and its regulatory binding protein, IGFBP-3. SomatoKine® is currently in clinical development for type 1 and type 2 diabetes, and growth hormone insensitivity syndrome (GHIS). Previous studies have also demonstrated SomatoKine® may provide therapeutic benefit to patients recovering from severe burn trauma and osteoporotic hip fracture surgery.

About IGFBP-3

The company's product candidate, IGFBP-3, Insulin-like Growth Factor Binding Protein-3, is a naturally occurring anti-tumor agent. Preclinical studies have demonstrated that IGFBP-3 enhances "standard of care therapy" and has shown comparable efficacy as a sole treatment against cancer in animal models. As a naturally occurring compound, IGFBP-3 may not elicit the undesirable side effects characteristic of cancer therapies on the market today.

About Insmmed Incorporated

Insmmed Incorporated, based in Richmond, VA, is a biopharmaceutical company focused on the development of drug candidates for the treatment of metabolic diseases and endocrine disorders. For press release and other Company information, visit our website at <http://www.insmed.com>. Statements included within this press release, which are not historical in nature, may constitute forward-looking statements for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements regarding expected financial position, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies or synergies, budgets, capital and other expenditures, competitive positions, growth opportunities for existing or proposed products or services, plans and objectives of management, demand for new pharmaceutical products, market trends in the pharmaceutical business, inflation and various economic and business trends. Such forward-looking statements are subject to numerous risks and uncertainties, including risks that product candidates may fail in the clinic or may not be successfully marketed, the Company may lack financial resources to complete development of product candidates, competing products may be more successful, demand for new pharmaceutical products may decrease, the biopharmaceutical industry may experience negative market trends and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. As a result of these and other risks and uncertainties, actual results may differ materially from those described in this press release.

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