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Insmed Incorporated Reports Financial Results for Second Quarter and First Half of 2004

RICHMOND, Va., Jul 28, 2004 (BUSINESS WIRE) -- Insmed Incorporated (Nasdaq: INSM), a developer of pharmaceutical products for the treatment of metabolic and endocrine diseases with unmet medical needs, today announced results for the three and six months ended June 30, 2004.

Discussion of Revenue and Expense Items

Revenues for the three months ending June 30, 2004 were \$29,000, as compared to \$34,000 for the equivalent period of 2003 and \$61,000 for the first quarter of 2004. The net loss for the three months ending June 30, 2004 was \$9.0 million, or \$0.23 per share, compared with a net loss of \$3.2 million or \$0.10 per share in the corresponding period of 2003, and a net loss of \$4.8 million or \$0.12 per share in the first quarter of 2004.

Revenues for the six months ending June 30, 2004 were \$90,000, as compared to \$96,000 for the equivalent period of 2003. The net loss for the six months ending June 30, 2004 was \$13.8 million, or \$0.36 per share, compared with a net loss of \$5.4 million or \$0.16 per share in the corresponding period of 2003.

The increase in the net loss from prior periods is due primarily to the scale-up and development costs incurred to support the manufacture of our lead product, rhIGF-I/rhIGFBP-3 and the operation of our protein manufacturing facility in Boulder Colorado, which we acquired from Baxter Pharmaceuticals in April 2004. General and administrative expenditures were also higher due to increased external services support and additional personnel costs. Interest income declined as a result of reduced interest rates and a lower cash balance. The increase from prior periods in the net cash used in operations was chiefly the result of the higher net losses and a one time \$3.6 million cash restriction required as part of the Boulder manufacturing facility acquisition.

Conference Call

The Company will host a conference call on July 28, 2004 at 11:00 a.m. Eastern Time (10:00 a.m. Central Time). Company management will conduct the call and will review the financial and operating results for the second quarter and the Company's current activities and expectations for the future. To participate in the conference call, dial 800-915-4836 (domestic) or 973-317-5319 (international). The call will be webcast live through Insmeds corporate website: www.insmed.com. A telephonic replay of the call will be available for one week at 800-428-6051 (domestic) or 973-709-2089 (international) Passcode: 363233. A web replay of the call will be available through the corporate website beginning at 1:00p.m.

About Insmed Incorporated

Insmed Incorporated is a biopharmaceutical company focused on the discovery and development of drug candidates for the treatment of metabolic diseases and endocrine disorders with unmet medical needs. For further information about Insmed and the rhIGF-I/rhIGFBP-3 complex, please visit the company's corporate website at 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. Although Insmed believes that such statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations, the forward-looking statements are neither promises nor guarantees and various factors may cause its actual results to differ materially from its expectations. 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 clinical trials or may not be successfully marketed, the company may lack financial resources to complete development of product candidates, the company may be unable to raise additional financing necessary to continue current operations, the company may not be able to re-commission our manufacturing facility in Boulder, Colorado that Insmmed leased, and utilize that facility to manufacture the company's product candidates, competing products may be more successful, demand for new pharmaceutical products may decrease and the biopharmaceutical industry may experience negative market trends. For further information with respect to factors that could cause actual results to differ from expectations, reference is made to reports filed by Insmmed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The forward-looking statements made in this release are made only as of the date hereof and Insmmed disclaims any intention or responsibility for updating predictions or financial guidance contained in this release.
