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Insmed Requests Halt of Trading of Its Common Stock on the Berlin-Bremen Stock Exchange; Company Also Initiates Short Selling Audit

RICHMOND, Va., Aug 17, 2004 (BUSINESS WIRE) -- Insmed Incorporated (Nasdaq: INSM) today announced that it has contacted the Berlin-Bremen Stock Exchange and requested an immediate halt to trading in its common stock. Insmed learned its common stock has been listed on the Berlin-Bremen Stock exchange without its prior knowledge, consent or authorization. Insmed had recently become aware that it was one of many public companies whose common stock had been listed without authorization on the Berlin-Bremen Stock Exchange, commonly referred to as the Berlin Stock Exchange.

A number of other U.S. publicly traded companies have indicated that they have been listed on the Berlin exchange without their permission. These listings may be part of an effort to avoid United States Securities and Exchange Commission and National Association of Securities Dealers restrictions against "naked short selling." Such practices may allow for market manipulation by selling non-existent shares of stock in an effort to force the price down.

Insmed also announced today that it has engaged the services of Morrow & Co., Inc. to conduct an in-depth shareholder audit to determine the extent of short selling (both institutional and naked) in the Company's stock. In the event that we receive information concerning any naked short selling in our stock, we plan to alert the United States Securities and Exchange Commission and National Association of Securities Dealers of such activities.

About Insmed Incorporated

Insmed 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 more information, please visit 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 in this press release include, but are not limited to, statements regarding planned clinical trial design, our regulatory and business strategies, plans and objectives of management and growth opportunities for existing or proposed products. Such forward-looking statements are subject to numerous risks and uncertainties, including risks that we may not be able to identify the extent of short selling in our stock, actions we take in connection with the information that we receive from the shareholder audit may not affect future short selling in our stock product candidates may fail in the clinic or may not be successfully marketed or manufactured, the company may lack financial resources to complete development of product candidates, the FDA may interpret the results of our studies differently than we have, 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. For further information with respect to factors that could cause actual results to differ from expectations, reference is made to reports filed by the Company 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 Insmed disclaims any intention or responsibility for updating predictions or financial guidance contained in this release.

