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Insmmed Announces Completion of \$35 Million Financing

RICHMOND, Va., Mar 15, 2005 (BUSINESS WIRE) -- Insmmed Incorporated (NASDAQ: INSM) today announced that it has entered into definitive agreements with institutional investors relating to a private financing of \$35 million in the form of 5-year convertible notes bearing interest at the rate of 5.5 percent per year. The notes will become due in nine equal quarterly instalments beginning on March 1, 2008 and ending on March 1, 2010. The notes are convertible at the option of the holders into shares of Insmmed's common stock at the price of \$1.295. In connection with the note offering, Insmmed will issue warrants exercisable for up to approximately 14.9 million shares of Insmmed's common stock at an initial exercise price of \$1.36, subject to adjustments from time to time. The warrants will be exercisable for five years after their issuance. Insmmed intends to use the net proceeds of approximately \$32.8 million from the private placement to fund future development activities for SomatoKine and to provide working capital. Wells Fargo Securities served as lead placement agent. C.E. Unterberg, Towbin and Trout Capital, LLC served as co-placement agents.

The note and warrant offering will be made in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The shares of common stock to be issued upon any conversion of the notes or any exercise of the warrants have not been registered under the Securities Act, or any state securities laws, and unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws. Insmmed has agreed to file a registration statement with the Securities and Exchange Commission covering the resale of the shares of common stock issuable upon conversion of the notes, and the exercise of the warrants, issued in the private placement.

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities, nor shall there be any sale of the securities in any jurisdiction in which such offering would be unlawful.

About Insmmed Incorporated

Insmmed Incorporated is a biopharmaceutical company focused on the development of drug candidates for the treatment of metabolic diseases with unmet medical needs. For further information about Insmmed, 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 harbour provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this press release may include, but are not limited to, statements regarding the expected financing plans, business strategies, budgets, capital and other expenditures and plans and objectives of management. 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.
