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## Insmmed Provides Update Concerning Virginia Unfair Competition Litigation

RICHMOND, Va., Oct 05, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmmed Incorporated (Nasdaq: INSM) announced that the U.S. District Court for the Eastern District of Virginia granted in part Insmmed's motion to dismiss unfair competition claims brought against Insmmed by Tercica, Inc. In a ruling yesterday, Chief United States District Judge James R. Spencer narrowed the scope of Tercica's lawsuit against Insmmed. In dismissing portions of the claims brought by Tercica, the Court found areas in which Tercica had not met its burden of establishing that the alleged statements made by Insmmed constituted "false advertising" or violated Virginia law. While the court held that a number of Tercica's other factual allegations, if proven, would state claims for false advertising under federal and California law, in comments at the September 9 hearing, Judge Spencer noted that he felt "most if not all" of Tercica's case "could go out on summary judgment."

### About IPLEX

IPLEX is approved in the United States as the only once daily treatment for children with short stature associated with severe primary IGF-I deficiency (Primary IGFD). IPLEX, a complex of recombinant human IGF-I and its binding protein IGFBP-3 (rhIGF-I/rhIGFBP-3), is the only FDA-approved IGF-I replacement therapy that also replaces deficient IGFBP-3 in these patients. The drug, which was launched in the second quarter of 2006, is also being investigated for various other indications with unmet medical needs, including severe insulin resistance, myotonic muscular dystrophy and HIV Associated Adipose Redistribution Syndrome (HARS). For more information about IPLEX please go to <http://www.go-IPLEX.com>.

### About Insmmed

Insmmed is a biopharmaceutical company focused on the development and commercialization of drugs for the treatment of metabolic diseases and endocrine disorders with unmet medical needs. For more information, please visit <http://www.insmed.com>.

### Forward Looking Statements

Statements included within this press release, which are not historical in nature, may constitute forward-looking statements for the 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 the pending litigation and or future ability to conduct our business as now conducted and as it is currently proposed to be conducted. Such forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the uncertainty of the outcome of any litigation with Tercica, the risk that 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 or the FDA or other regulatory agencies may interpret the results of our studies differently than we have. We can give no assurances that we would be successful in any litigation or that such litigation would not have a material adverse effect on our business, financial condition and results of operation. Furthermore, we may not be able to afford the expense of defending against such a claim. 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.

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