Insmed Announces Fourth Quarter and Full-Year 2007 Financial Results

RICHMOND, Va., March 4, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmed Inc. (Nasdaq CM: INSM), a developer of follow-on biologics and biopharmaceuticals, today reported results for the quarter and full-year ended December 31, 2007.

"We are clearly making significant progress in executing on our dual-path business strategy," said Dr. Allan. "Both our FOBs and IPLEX(TM) programs achieved substantial milestones in 2007, and possess significant momentum as we move through 2008. We intend to initiate clinical trials for our first two FOBs this year and will continue to have an active voice on the regulatory pathway issue. In addition, we expect to continue moving IPLEX(TM) through the clinic in multiple indications, having prioritized MMD as the initial primary indication."

Financial Results for Fourth Quarter and Full-year 2007

Revenues for the fourth quarter ended December 31, 2007 were $2.1 million, up from $502,000 for the corresponding period in 2006. The increase was mainly attributable to improvements in cost recovery from our EAP to treat patients with ALS. This was partially offset by the revenues lost from our withdrawal of IPLEX(TM) from the short stature market pursuant to the terms of our Settlement Agreement.

The net loss for the fourth quarter of 2007 was $3.3 million or $0.03 per share, compared with a net loss of $21.4 million or $0.21 per share in the fourth quarter of 2006. This improvement was attributable to a reduction in selling, general and administrative expenses ("SG&A Expenses"), which fell to $947,000 from $9.7 million and the elimination of both a $7.1 million asset impairment charge and an $836,000 cost of goods sold charge, which occurred in 2006. These were partially offset by an increase in research and development expenses ("R&D Expenses") from $4.3 million to $4.5 million.

The reduction in SG&A Expenses was due primarily to reduced litigation expenses and the elimination of commercial expenses associated with our business restructuring plan. The elimination of the asset impairment charge and cost of goods sold resulted from our withdrawal of IPLEX(TM) from the short stature market, while the higher R&D Expenses reflected an increase in our clinical activity.

Interest income in the fourth quarter of 2007 fell to $264,000 from $528,000 in same period of 2006. This was due to the combination of a lower average cash balance on hand and lower interest rates during the most recent quarter. Interest expense declined to $217,000 in the most recent period from $552,000 during the corresponding period of 2006 due to the lower conversion of notes into common stock, which resulted in a reduced debt discount amortization charge for the last quarter of 2007.

Revenues for the full-year 2007 totaled $7.5 million, up from $991,000 in the corresponding period of 2006. This increase was due to improvements in the cost recovery from our EAP and the receipt of licensing income from our agreement with NAPO Pharmaceuticals Inc., ("NAPO"), combined with increased sales of IPLEX(TM) during the first quarter of 2007.

The net loss for the 12 months ended December 31, 2007 was $20.0 million or $0.17 per share, compared to $56.1 million or $0.59 per share for the 12 months ended December 31, 2006. R&D Expenses dropped to $18.9 million from $21.1 million, reflecting lower litigation expenses which were included in R&D Expenses during the first quarter of 2006, and reduced commercial manufacturing activity in 2007. SG&A Expenses fell to $8.5 million from $25.7 million, due to a combination of reduced litigation expenses, which were included in SG&A Expenses for the final three quarters of 2006, and the elimination of commercial expenses in 2007.

Interest income for the full-year 2007 was $1.2 million, compared to $1.9 million for the full-year 2006. This decrease was mainly due to lower interest rates and a lower average cash balance for the full-year 2007 as

compared to the full-year 2006. Interest expense for the 12 months ended December 31, 2007 was $682,000, compared to $3.7 million for corresponding period of 2006. This decrease in interest expense resulted from lower amortization of the debt discount associated with our March 2005 financing, as a significant acceleration of the discount took place in 2006 due to the conversion of notes into shares of our common stock.

As of December 31, 2007, we had total cash, cash equivalents and short- term investments on hand of $16.5 million, compared to $24.1 million on hand as of December 31, 2006. The $7.6 million decrease in cash, cash equivalents and short-term investments mainly reflected the use of $25.3 million for operating activities and a $500,000 investment in NAPO, which was partially offset by net proceeds of $17.0 million from an offering of our common stock and warrants to purchase our common stock and $1.0 million from the reduction of an outstanding letter of credit.

Conference Call

To participate in today's 8:30 AM ET live conference call, please dial 800-510-0146 (U.S. callers) or 617-614-3449 (international), and provide passcode 84349393. A live webcast of the call will also be available at: http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=1768582. Please allow extra time prior to the webcast to register, download and install any necessary audio software.

The webcast will be archived for 30 days, and a telephone replay of the call will be available for seven days beginning today at 10:30 AM ET at 888- 286-8010 (U.S. callers) or 617-801-6888 (international callers), using passcode 90757979.

About Insmed

Insmed Inc. is a biopharmaceutical company with unique protein process development and manufacturing experience and a proprietary protein platform aimed at niche markets with unmet medical needs. For more information, please visit www.insmed.com.

Forward-Looking Statements

This release contains forward-looking statements which are made pursuant to provisions of Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that such statements in this release, including statements relating to planned clinical study design, regulatory and business strategies, plans and objectives of management and growth opportunities for existing or proposed products, constitute forward-looking statements which involve risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements. The risks and uncertainties include, without limitation, risks that product candidates may fail in the clinic or may not be successfully marketed or manufactured, we may lack financial resources to complete development of product candidates, the FDA may interpret the results of studies differently than us, competing products may be more successful, demand for new pharmaceutical products may decrease, the biopharmaceutical industry may experience negative market trends, our entrance into the follow on biologics market may be unsuccessful, our common stock could be delisted from the Nasdaq Capital Market and other risks and challenges detailed in our filings with the U.S. Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007. Readers are cautioned not to place undue reliance on any forward-looking statements which speak only as of the date of this release. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances that occur after the date of this release or to reflect the occurrence of unanticipated events.