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Insmmed Announces First Quarter 2008 Financial Results

RICHMOND, Va., May 8, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmmed Inc. (Nasdaq: INSM), a developer of follow-on biologics (FOB) and biopharmaceuticals, today reported results for the first quarter ended March 31, 2008.

"We continue to be pleased with the progress achieved in both our FOB and IPLEX(TM) programs," said Geoff Allan, President and CEO of Insmmed. "We are aggressively pursuing a partner for our FOB program and continue to advance the development of IPLEX(TM) in MMD and ALS."

Revenues for the first quarter ended March 31, 2008 were \$2.3 million, up from \$1.7 million for the corresponding period in 2007. The increase was primarily attributable to a \$1.6 million improvement in cost recovery from our EAP to treat patients with ALS in Italy. This was partially offset by the revenues lost from our withdrawal of IPLEX(TM) in the short stature market pursuant to the terms of our March 2007 Settlement Agreement with Genentech Inc. and Tercica Inc., and the absence of license income from our agreement with Napo Pharmaceuticals Inc., ("Napo") from which we received a milestone payment in the first quarter of 2007.

The net loss for the first quarter of 2008 was \$4.8 million or \$0.04 per share, compared with a net loss of \$10.3 million or \$0.10 per share in the first quarter of 2007. This \$5.5 million improvement was primarily attributable to the \$0.6 million increase in revenues noted above and a \$4.9 million reduction in total expenses.

The \$4.9 million total reduction in expenses was due to a \$3.9 million decline in selling, general and administrative expenses ("SG&A Expenses"), a \$0.9 million decrease in research and development expenses ("R&D Expenses"), and the elimination of \$576,000 cost of goods sold, which was partially offset by a \$392,000 non-cash loss on investments.

The reduction in SG&A Expenses was due primarily to the elimination of litigation expenses following the March 2007 settlement and the removal of commercial expenses associated with our business restructuring plan. The elimination of the cost of goods sold resulted from our withdrawal of IPLEX(TM) from the short stature market. The lower R&D Expenses reflected the reduced operating costs at our manufacturing facility located in Boulder, Colorado as we streamlined the facility to support our clinical activities following the withdrawal of IPLEX(TM) from the commercial short stature market. The realized loss on investments arises from the write-down of our investment in Napo. This investment, which was funded by a milestone payment from Napo, was recorded as part of our agreement with Napo in 2007.

Interest income in the first quarter of 2008 at \$279,000 was slightly below the \$301,000 earned in the same period of 2007 and was primarily due to the lower interest rate environment. Interest expense increased to \$354,000 in the most recent period from \$151,000 during the corresponding period of 2007. The reduction was due to an increase in the debt discount amortization resulting from the quarterly payment of our 2005 convertible notes, which began in March 2008.

As of March 31, 2008, we had total cash, cash equivalents and short-term investments on hand of \$12.0 million, compared to \$16.5 million on hand as of December 31, 2007. The \$4.5 million decrease in cash, cash equivalents and short-term investments primarily reflects the use of \$3.9 million for operating activities and a \$553,000 principal repayment of our 2005 convertible notes, which began on March 1, 2008.

Conference Call

To participate in today's 8:30 AM ET live conference call, please dial 888-680-0879 (U.S. callers) or 617-213-4856 (international callers), and provide passcode 36651483. A live webcast of the call will also be available at: <http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=1833642>. 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 13315852.

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 Annual Report on Form 10-K for the year ended December 31, 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.
