Insmed Announces Financial Results for Second Quarter and Six-Months Ended June 30, 2008

RICHMOND, Va., Aug 08, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmed Inc. (Nasdaq: INSM), a developer of follow-on biologics and biopharmaceuticals, today reported results for the second quarter and six-months ended June 30, 2008.

"Over the past several months, Insmed has achieved several important milestones across the full spectrum of its business," said Geoff Allan, President and CEO of Insmed. "Most importantly, our FOB initiatives have received strong scientific validation with the exciting results of the INS-19 clinical trial that demonstrated bioequivalence to Neupogen(R), opening the door to a potential meeting with the FDA to discuss the initiation of a possible Phase 3 trial. Additionally, retaining both Chairman Thomas to represent our interests inside the Beltway in the discussion around creating a regulatory pathway for FOB, and RBC to evaluate our strategic financial options will ensure that we make informed decisions for moving our FOB program forward, and advancing the development of IPLEX(TM) in MMD and ALS."

Revenues for the second quarter ended June 30, 2008 were $2.6 million, up from $2.3 million for the corresponding period in 2007. The increase was primarily attributable to a $1.4 million improvement in cost recovery from our EAP to treat patients with ALS in Italy. This was partially offset by the absence of license income from our agreement with Napo Pharmaceuticals Inc., ("Napo") from which we received a milestone payment in the second quarter of 2007.

The net loss for the second quarter of 2008 was $4.7 million or $0.04 per share, compared with a net loss of $2.5 million or $0.02 per share in the second quarter of 2007. This $2.2 million increase was primarily attributable to a $2.2 million increase in total expenses as the increase in revenues for the quarter was offset by the increase in net interest expense.

The $2.2 million total increase in expenses was due primarily to a $1.8 million increase in research and development expenses ("R&D Expenses"), a $340,000 increase in selling, general and administrative expenses ("SG&A Expenses"), and the realization of a $54,000 non-cash loss on investments.

The higher R&D Expenses reflected a rise in clinical trial costs this last quarter as our FOB and IPLEX(TM) programs gained momentum. The increase in SG&A Expenses was due primarily to increased investor relations and public relations activity and the 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.

For the six months ended June 30, 2008, revenues totaled $5.0 million, up from $3.9 million in the first six months of 2007. Consistent with second quarter results, the increase was primarily attributable to a $3.0 million improvement in cost recovery from our EAP to treat patients with ALS in Italy. This was partially offset by the absence of license income from Napo and the revenues lost from our withdrawal of IPLEX(TM) in the short stature market pursuant to the terms of our settlement agreement with Genentech Inc. and Tercica Inc. entered into in 2007.

The net loss for the six months ended June 30, 2008 was $9.5 million, or $0.08 per share, compared to $12.8 million, or $0.12 per share, for first six months of 2007. Year-over-year, R&D Expenses increased to $10.8 million for the first half of 2008, from $9.8 million, reflecting an increase in clinical trial activity for our FOB and IPLEX(TM) programs. SG&A Expenses fell to $3.0 million for the first half of 2008 from $6.5 million a year earlier due to the elimination of litigation expenses following the March 2007 settlement and the removal of

commercial expenses associated with our business restructuring plan. The $446,000 loss on investments represents the write down on the Napo investment during the first half of 2008.

Interest income for the first half of 2008 was $375,000 and was a reduction from the $525,000 earned in the same period of 2007 due to the combination of a lower interest rate environment and a lower average cash balance. Interest expense increased to $682,000 in the most recent six month period from $306,000 during the corresponding period of 2007. The increase 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 June 30, 2008, we had total cash, cash equivalents and short-term investments on hand of $9.4 million, compared to $16.5 million on hand as of December 31, 2007. The $7.1 million decrease in cash, cash equivalents and short-term investments primarily reflects the use of $6.0 million for operating activities and a $1.1 million 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 866-202-1971 (U.S. callers) or 617-213-8842 (international callers), and provide passcode 85261742. A live webcast of the call will also be available at: http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=1907655

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 46396392.

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, the FOB market in the United States may be slow to develop or never develop, government regulation of the FOB market (in foreign countries and possibly in the United States) could be onerous or slow in developing or never develop, we may lack financial resources to complete development of product candidates or to fund the ongoing operations of the Company, 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 FOB 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.