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# Insmed Announces First Quarter 2009 Financial Results

RICHMOND, Va., May 13, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmed Inc. (Nasdaq: INSM), a biopharmaceutical company, today reported results for the first quarter ended March 31, 2009.

## Recent Company Highlights

"The year has started off with a litany of positive, value-creating events," said Dr. Geoffrey Allan, Ph.D., President and CEO Insmed. "The transaction with Merck will add about \$125 million to our balance sheet and has provided us with significant financial flexibility in terms of how we might go about continuing to grow our business and enhance shareholder value. At the same time, our IPLEX(TM) program continues to move forward on all fronts. We continue to expect preliminary Phase 2 results in MMD before the end of the second quarter. In addition, the ALS EAP is set to expand internationally via our agreement with IDIS, and we are discussing the parameters of a controlled clinical trial in this indication with the FDA in the U.S. As our regaining compliance with NASDAQ's minimum \$1.00 per share bid price requirement would indicate, the market is beginning to appreciate our successes, and we look forward to sustaining the momentum we have generated in the first quarter throughout the remainder of the year."

## Financial Results for First Quarter Ended March 31, 2009

Total revenues for the first quarter ended March 31, 2009 were \$2.4 million, the same as the corresponding period in 2008.

Net income for the first quarter of 2009 increased to \$117.8 million, or \$0.96 per share, compared with a net loss of \$4.9 million, or \$0.04 per share, in the first quarter of 2008. This \$122.7 million improvement was primarily due to the gain on sale of our FOB assets to Merck which was partially offset by increases in SG&A and R&D expenses due to the recognition of stock compensation expense.

The \$2.2 million increase in total expenses was due to a \$0.5 million increase in research and development ("R&D expenses") and a \$2.1 million increase in selling, general and administrative expenses ("SG&A Expenses"), which was partially offset by the absence of a \$0.4 million loss on investments, which was recorded in the first quarter of 2008.

The higher R&D and SG&A Expenses were due largely to the recognition of stock compensation expense for the restricted stock and restricted stock units that vested on March 31, 2009 and the award of bonuses. Interest income for the most recent first quarter of \$23,000 was \$256,000 lower than the corresponding quarter of 2008 due to a combination of the lower interest rate environment and a lower average cash balance. Interest expense of \$242,000 was \$112,000 lower than the same quarter in 2008 due to a decrease in the debt discount amortization resulting from the lower average balance of the 2005 convertible notes, which began repayment in March 2008.

As of March 31, 2009, the Company had total cash, cash equivalents and short-term investments on hand of \$127.5 million, compared to \$2.4 million on hand as of December 31, 2008. The \$125.1 million increase in cash, cash equivalents and short-term investments was due to the \$127.8 million in net proceeds from the sale of Insmed's FOB assets to Merck, which was minimally offset by \$2.1 million utilized to fund operations and \$0.6 million for the partial repayment of the Company's 2005 convertible notes.

## Conference Call

To participate in today's live 8:30 AM ET conference call, please dial 800-706-7748 (U.S. callers) or 617-614-3473 (international), and provide passcode 81641944. A live webcast of the call will also be available at:

<http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=2174191>.

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 11:30 AM ET at 888-286-8010 (U.S. callers) or 617-801-6888 (international), using passcode 62249241.

## About Insmmed

Insmmed Inc. is a biopharmaceutical company with unique protein development experience and a proprietary protein platform aimed at niche markets with unmet medical needs. For more information, please visit <http://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, [product candidates may fail in the clinic or may not be successfully marketed or manufactured, the FDA may interpret the results of studies differently than us, competing products may be more successful, the biopharmaceutical industry may experience negative market trends, our continuing efforts to grow the business and develop IPLEX(TM) may be unsuccessful, the actual market for MMD may not actually match up with our external assessment, we may lack financial resources to complete development of product candidates 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, 2008. 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.

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