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Insmmed Announces Fourth Quarter and Full-Year 2009 Financial Results

RICHMOND, Va., March 15, 2010 /PRNewswire via COMTEX News Network/ -- Insmmed Inc. (Nasdaq: INSM), a biopharmaceutical company, today reported results for the fourth quarter and full-year ended December 31, 2009.

Revenues for the fourth quarter ended December 31, 2009 were \$2.5 million, as compared to \$2.9 million for the corresponding period in 2008. The decrease was a result of a reduction of \$0.9 million in cost recovery from our IPLEX(TM) Expanded Access Program ("EAP") for Amyotrophic Lateral Sclerosis ("ALS") in Europe, which was partially offset by \$0.5 million of IPLEX(TM) grant revenue that was recognized in the fourth quarter of 2009. The reduction in IPLEX(TM) cost recovery was due to the Company's decision in July 2009 to cease supplying IPLEX(TM) to new ALS patients in order to preserve the remaining IPLEX(TM) inventory for ALS patients currently receiving the drug. The \$0.5 million in grant revenue relates to the timing of a grant received from the Muscular Dystrophy Association in regards to the previously completed Phase II Myotonic Muscular Dystrophy trial.

In the fourth quarter of 2009, the Company posted a net profit of \$2.3 million, or \$0.02 per share, as compared to a net loss of \$4.0 million, or \$0.03 per share, for the fourth quarter of 2008. The \$6.3 million improvement was attributable to a \$4.5 million decrease in total expenses, a \$2.0 million reduction in taxes and a \$0.2 million reduction in interest expense, which was partially offset by the \$0.4 million reduction in total revenues.

The \$4.5 million decrease in total expenses were driven largely by lower research and development expenses ("R&D Expenses") as a result of the elimination of manufacturing expenses following the sale of our follow-on biologics ("FOB") assets in March 2009. Selling, general and administrative expenses ("SG&A Expenses") were principally in line with the fourth quarter of 2008.

The \$2.0 million reduction in taxes resulted from the beneficial impact of the revised tax laws, which came into effect in the fourth quarter of 2009, and allowed the Company to utilize more of its net operating losses ("NOLs") than previously able under former tax law to reduce the amount of taxes paid on the gain on sale of its FOB business to Merck in March 2009.

The lower interest expense was due to the reduction of the debt discount amortization associated with our 2005 convertible notes.

For the 12-months ended December 31, 2009, revenues totaled \$10.4 million, as compared to \$11.7 million in the 12-months of 2008. Consistent with fourth quarter results, the decrease was primarily attributable to a year-over-year decrease of \$1.3 million in cost recovery from our IPLEX(TM) EAP in Europe.

Net income for the 12-months ended December 31, 2009 was \$118.4 million, or \$0.93 per share, compared to a net loss of \$15.7 million, or \$0.13 per share, for the corresponding 12-months of 2008. This \$134.0 million improvement was primarily due to the \$127.0 million after tax gain on sale of our FOB assets to Merck, combined with a \$7.1 million decrease in total

expenses, a \$0.3 million improvement in investment returns, a \$0.5 million decrease in interest expense, and a \$0.5 million reduction in the realized loss on investments, which were partially offset by a \$1.3 million reduction in net revenue.

The \$7.1 million decrease in total expenses was due to an \$11.8 million reduction in R&D expenses, which was partially offset by a \$4.7 million increase in SG&A expenses.

The \$11.8 million reduction in R&D expenses was due primarily to a decrease in manufacturing expenses following the sale of our FOB assets in March 2009. The \$4.7 million increase in SG&A expenses was due largely to a combination of 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, together with the increased finance, legal and consulting fees related to the ongoing strategic review. The improved return on investments reflected the increased cash position, the lower interest expense was again due to the reduction in debt discount amortization and the \$0.5 million reduction in investment loss was due to the write-off of the NAPO investment, which occurred in 2008.

"As we continue to move ahead with our strategic review, we were pleased with our ability to generate cash in the fourth quarter," said Dr. Melvin Sharoky, Insmmed's Chairman. "We remain committed to protecting our capital for the full duration of the strategic review. We have an enviable balance sheet, especially considering that access to capital remains limited for many private and public biotech companies, and continue to be focused on leveraging our assets in order to drive maximum long-term shareholder value."

As of December 31, 2009, Insmmed had total cash, cash equivalents, short-term investments, and certificate of deposits on hand totaling \$124.3 million, consisting of \$122.2 million in cash and short term investments and \$2.1 million in a certificate of deposit, as compared to \$2.4 million of cash on hand as of December 31, 2008. The \$121.9 million increase in total cash was due to the \$127.5 million in before tax proceeds from the sale of Insmmed's FOB assets to Merck, \$4.1 million from the conversion of warrants and options into common stock, the release of a \$2.1 million previously restricted certificate of deposit, and a \$0.4 million increase in unrealized gains on investments, which was partially offset by \$11.0 million utilized to fund operations and \$1.2 million for the partial repayment of the Company's 2005 convertible notes.

Conference Call

To participate in today's 8:30 AM ET conference call, please dial 866-543-6411 (U.S. callers) or 617-213-8900 (international), and provide passcode 41745811. A live webcast of the call will also be available at: <http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=2782413>.

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 at 11:30 AM ET today at 888-286-8010 (U.S. callers) or 617-801-6888 (international), using passcode 80401187.

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.insmmed.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 business strategies, plans and objectives of management and our strategic review process, 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, we may be unsuccessful in identifying or reaching agreement with acquisition or merger candidates our expenses may be higher than anticipated 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, 2009. 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.
