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Insmmed Announces First Quarter 2010 Financial Results

RICHMOND, Va., May 6, 2010 /PRNewswire via COMTEX News Network/ -- Insmmed Inc. (Nasdaq CM: INSM), a biopharmaceutical company, today reported results for the first quarter ended March 31, 2010.

Total revenues for the first quarter ended March 31, 2010 were \$1.9 million, as compared to \$2.4 million for the corresponding period in 2009. The \$441,000 decline in revenue was due to the receipt of \$272,000 in grant revenue for the Myotonic Muscular Dystrophy ("MMD") trial in the first quarter of 2009, \$143,000 in lower cost recovery in the most recent quarter from our Expanded Access Program ("EAP") for IPLEX(TM) in the treatment of Amyotrophic Lateral Sclerosis ("ALS") in Italy and \$26,000 in lower income from a long standing TGF-beta royalty which expired in the current quarter.

Net income for the first quarter of 2010 was \$118,000; break even on a per share basis, compared with net income of \$117.8 million, or \$0.96 per share, reported in the first quarter of 2009. The \$117.7 million change in net income was primarily due to the \$125.0 million after tax gain on sale of our follow-on biologics ("FOB") assets to Merck in March 2009, together with, in the most recently completed quarter, an overall reduction of \$7.1 million in operating expenses, a \$374,000 improvement in investment income and a \$214,000 reduction in interest expense, which was partially offset by the \$441,000 reduction in revenues noted above.

The \$7.1 million reduction in total expenses resulted from a \$5.2 million reduction in research and development expenses ("R&D expenses") and a \$1.9 million decline in selling, general and administrative expenses ("SG&A Expenses"). The lower R&D expenses reflected the elimination of manufacturing expenses following the sale of our FOB assets in March 2009, while the reduced SG&A expenses were principally due to the recognition of stock compensation expense for the restricted stock and restricted stock units that occurred during the first quarter of 2009 in connection with the sale of our FOB assets.

Investment income for the 2010 first quarter was \$397,000. This was an increase of \$374,000 over the corresponding quarter of 2009; due to a significantly higher invested cash balance. Interest expense of \$28,000 was \$214,000 lower than the same quarter in 2009 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 and were fully repaid in March 2010.

As of March 31, 2010, the Company had total cash, cash equivalents and short-term investments on hand of \$124.6 million, made up of \$103.1 million in short term investments, \$19.4 million in cash and cash equivalents and \$2.1 million in a certificate of deposit. This compares to \$124.3 million as of December 31, 2009. The \$0.3 million increase in cash, cash equivalents and short-term investments was due primarily to a \$0.3 million improvement in unrealized gain on investments, as the net cash produced from operating activities of \$0.2 million was fully offset by the \$0.2 million final payment of our 2005 convertible notes.

Conference Call

To participate in today's live 8:30 AM ET conference call, please dial 866-783-2145 (U.S. callers) or 857-350-1604 (international), and provide passcode 75374293. A live webcast of the call will also be available at: <http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=3029084>. 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 12:30 PM ET on May 6th, at 888-286-8010 (U.S. callers) or 617-801-6888 (international), using passcode 34687143.

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 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
