

CODE OF BUSINESS CONDUCT AND ETHICS

The following shall constitute the Code of Business Conduct and Ethics (the “Code of Business Conduct and Ethics”) of Insmmed Incorporated (“Insmmed”). It applies to all employees, officers and directors of Insmmed and its subsidiaries.

INTRODUCTION

Insmmed’s standards of conduct are summarized in this Code of Business Conduct and Ethics. Simply restating these standards, however, does not lead inevitably to ethical conduct. Each of us must continue to understand, support and proceed by these standards to enable us to achieve Insmmed’s business objectives in strict conformity with our Code of Business Conduct and Ethics. This Code of Business Conduct and Ethics covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all of our employees, officers and directors. All of our employees, officers and directors must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. Violations of any of the provisions of this Code of Business Conduct and Ethics may result in discipline, up to and including termination of employment or service.

It is important for our employees, officers and directors to know what Insmmed expects of them when making decisions and conducting themselves in corporate activities. Of all corporate activities involving conduct, among the most important are the handling and use of confidential information, the avoidance of potential conflicts of interest and compliance with applicable laws. Diligent observance of this Code of Business Conduct and Ethics, as well as all legal requirements, is, of course, essential to the proper conduct of our business. Violation of applicable laws may not only entail serious legal sanctions but, as in the case of violation of this Code of Business Conduct and Ethics, can also lead to disciplinary actions by Insmmed.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obedying the law, both in letter and in spirit, is the foundation on which Insmmed’s ethical standards are built. All employees, officers and directors must respect and obey the laws of the municipalities, states and countries in which we operate. Although not all employees, officers and directors are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. Insmmed holds information and training sessions to promote compliance with applicable laws, rules and regulations.

CONFLICTS OF INTEREST

All employees, officers and directors must avoid any investments, business interests or other associations which interfere with or influence, or even appear to interfere with or influence, their objective judgment in furtherance of their responsibility to act in Insmmed’s best interests. A conflict of interest arises when an employee’s, officer’s or director’s judgment in acting on Insmmed’s behalf is or may be influenced by an actual or potential personal benefit for the employee, officer or director, or a member of the employee’s, officer’s or director’s family or household, from an investment, business

interest or some other association. The benefits may be direct or indirect, financial or non-financial, through family connections, personal associations or otherwise.

It is not possible to describe all the circumstances where a conflict of interest involving an employee, officer, director or a member of his or her family or household exists or may exist.

The following examples are given only to guide employees, officers and directors in making judgments about such conflicts:

- Owning an interest in the business of a supplier, competitor or customer of Insmmed.
- Acting as a consultant, employee, officer or director for a supplier, competitor or customer of Insmmed.
- Competing with, or aiding others in competing with, Insmmed in connection with the purchase, sale or other disposition of its property or products, or in connection with Insmmed's provision of products or services.
- Acting on behalf of Insmmed in any transaction with any supplier, competitor or customer of Insmmed in which a member of one's family or household is a principal, officer or representative.
- Advising on or facilitating any transaction between Insmmed and another company in which one has an ownership or other financial incentive in the other company.

If any employee, officer or director finds himself or herself in a situation where a conflict of interest exists or may exist, he or she should immediately bring the matter to the attention of his or her supervisor, who will be responsible for contacting Insmmed's General Counsel for appropriate guidance.

CORPORATE OPPORTUNITIES

Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No employee, officer or director may use corporate property, information, or position for improper personal gain, and no employee, officer or director may compete with Insmmed directly or indirectly. Employees, officers and directors owe a duty to Insmmed to advance its legitimate interests when the opportunity to do so arises.

INSIDER TRADING

Employees, officers and directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about Insmmed and the company's activities, plans and interests should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. If you have any questions, please consult Insmmed's Chief Financial Officer or General Counsel. (PLEASE SEE SECTION #10 FOR ADDITIONAL INFORMATION ON THIS SUBJECT.)

CONFIDENTIALITY

It is imperative that all employees, officers and directors keep confidential all information about Insmmed's operations and business activities that has not been made public or that is not common

knowledge among investors, competitors, customers, suppliers and others, including other employees, officers or directors who do not have a valid business reason for obtaining the information.

Employees, officers and directors must not disclose to others, or use for themselves or others, any confidential Insmmed information he or she has originated or acquired in connection with employment or service. This non-disclosure obligation not only applies to employees, officers and directors during their period of employment or service, but also after termination of employment or service or retirement. Any employee, officer or director who questions whether information he or she originates or acquires is confidential has a responsibility to determine its classification by asking his or her immediate supervisor, Insmmed's Chief Financial Officer or General Counsel.

All Insmmed documents, records, memoranda and other written or electronic materials (and all copies) are solely Insmmed's property and must be returned immediately to Insmmed on termination of employment, service or retirement.

It is not possible to list all the types of Insmmed information that must be treated as confidential. The following are examples of confidential information to assist in observing this important policy:

- Information about contractual arrangements between suppliers, contractors or customers that has not been publicly disclosed by management.
- Information about other Insmmed transactions, including proposed transactions such as acquisitions or dispositions of stock or assets that has not been publicly disclosed by management.
- Financial, accounting and cost information about Insmmed that has not been publicly disclosed by management.
- Information that reveals Insmmed's plans and strategies that have not been publicly disclosed by management.

Employees, officers and directors should be guided by the general principle that Insmmed considers confidential any information that is not officially disclosed or publicly known and which might be useful to or desired by others for any reason, such as using the information to buy or sell Insmmed stock or to compete against Insmmed or any of its subsidiaries. Officially disclosed information is considered to be that which is contained in official reports, news releases and other forms of communication that have been released by management to the public through established communication channels.

Third parties may ask you for information concerning Insmmed. Employees, officers and directors (other than Insmmed's authorized spokespersons) must not discuss internal Insmmed matters with, or disseminate internal Insmmed information to, anyone outside Insmmed, except as required in the performance of their Insmmed duties and, if appropriate, after a confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning Insmmed from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of Insmmed must be made only by Insmmed's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer or one of Insmmed's authorized spokespersons.

COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing past or present employees of a competing company to disclose confidential information is prohibited. Each employee, officer and director should endeavor to respect the rights of and deal fairly with Insméd's customers, suppliers, competitors and employees. No employee, officer or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

To maintain Insméd's valuable reputation, compliance with our quality processes and safety requirements is essential. In the context of ethics, quality requires that our products and services be designed and manufactured to meet our obligations to customers. All inspection and testing documents must be handled in accordance with all applicable regulations. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Insméd employee, officer, director, family member of an employee, officer, director or agent unless it: (1) is not a cash gift; (2) is consistent with customary business practices; (3) is not excessive in value; (4) cannot be construed as a bribe or payoff; and (5) does not violate any applicable laws or regulations. Please discuss with your supervisor or other appropriate personnel any gifts or proposed gifts that you are not certain are appropriate.

DISCRIMINATION AND HARASSMENT

The diversity of Insméd's employees, officers and directors is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include, but are not limited to, derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. (Please refer to policy prohibiting sexual and other workplace harassment – Employment Section 1-2).

RECORD-KEEPING

Insméd requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many employees, officers and directors regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or Insméd's Controller or Chief Financial Officer.

All of Insméd's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect Insméd's transactions and must conform both to applicable legal requirements and to Insméd's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be

misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to Insmmed's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, it is essential to follow the advice of Insmmed's General Counsel. Whenever litigation or an investigation is pending or threatened every potentially relevant document must be preserved unless destruction has been approved by Insmmed's General Counsel.

PROTECTION AND PROPER USE OF INSMED'S ASSETS

All employees, officers and directors should endeavor to protect Insmmed's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on Insmmed's ability to successfully conduct its business. Any suspected incident of fraud or theft should be immediately reported for investigation. All Insmmed assets should be used for legitimate business purposes. Insmmed equipment should not be used for non-Insmmed business, though limited incidental personal use may be permitted.

The obligation of employees, officers and directors to protect our assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Insmmed's policy and could also be illegal and result in civil or even criminal penalties.

Each employee, officer and director is personally accountable for Insmmed funds over which he or she has control. Anyone spending Insmmed money, or personal money that will be reimbursed, should always be sure Insmmed receives good value in return. Anyone approving or certifying the correctness of a voucher or bill should have reasonable knowledge that the purchases and amounts are accurate and otherwise proper.

ACCEPTANCE OF PAYMENTS

No employee, officer or director shall directly or indirectly seek or accept any payments, fees, services or other gratuities (irrespective of size or amount) outside the normal course of the employee's, officer's or director's business duties from any person, company or organization which does or seeks to do business with Insmmed. Gifts of cash or cash equivalents of any amount are strictly prohibited. It is not inappropriate under this policy to be the recipient of common courtesies, sales promotional items of small value, occasional meals or reasonable entertainment appropriate to a business relationship and associated with business discussions; however, if possible, questions as to the appropriateness of any such courtesy should be reviewed by an immediate supervisor in advance of the receipt of the courtesy.

IMPROPER PAYMENTS AND PAYMENTS TO GOVERNMENT PERSONNEL

No employee, officer or director shall make, or cause to be made, any improper payment or offer any improper inducement to any actual or potential customer or to an intermediary as a bribe, kickback or similar payment which is directly or indirectly for the benefit of any individual (including any government official), company or organization in any country, and which is designed, directly or indirectly, to secure favored treatment for Insmmed. Under laws in a number of jurisdictions, it is a crime, punishable by imprisonment and substantial fines, to make payments of this kind to government officials. Insmmed's policy, however, is broader in scope and is intended to apply regardless of whether

the payment or use is lawful under the laws of a particular country. It is important that any questions about this policy be discussed with Insmmed's General Counsel and Chief Financial Officer before any payment is made which may be viewed as a possible violation of this policy.

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Insmmed policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. Insmmed's General Counsel and Chief Financial Officer can provide guidance to you in this area.

ANTITRUST COMPLIANCE

We require our employees, officers and directors to engage in fair competition and to comply fully with all antitrust laws. Except in limited circumstances (which must be first reviewed with our outside legal counsel), these laws severely restrict or prohibit anticompetitive activities such as entering into written or oral agreements to: fix, control or influence prices; boycott specific suppliers or customers; restrain trade by colluding with customers to allocate products or markets; or control trade by limiting the production of products or the delivery of services.

HEALTH AND SAFETY

Insmmed strives to provide each employee, officer and director with a safe and healthful work environment. Each employee, officer and director has responsibility for maintaining a safe and healthy workplace for all employees, officers and directors by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted. Employees, officers and directors should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs or the illicit use of legal drugs in the workplace will not be tolerated.

POLITICAL CONTRIBUTIONS

There are three basic tenets in the matter of corporate and personal political contributions and actions.

First, Insmmed unequivocally forbids the use of corporate funds, resources or property for the support of political parties or political candidates for any office unless approved in advance by Insmmed's Board of Directors or Chief Executive Officer.

Second, equally contrary to our Code of Business Conduct and Ethics is any pressure, direct or implied, that infringes upon the right of any employee, officer or director to decide whether, to whom, and in what amount he or she will make a personal political contribution or render personal services to individual candidates or political committees where permitted by applicable laws. Employees, officers and directors are free to endorse, advocate, contribute to, or otherwise support any political party, candidate, or cause they may choose. However, in personal public political statements, references to an employee's, officer's or director's affiliation with Insmmed should be avoided, and in any personal political

activity it must be clear that the employee, officer or director is not acting on behalf of or using the resources of Insméd. The Code of Business Conduct and Ethics is not, however, intended to discourage voluntary and lawful political contributions to any Insméd sponsored political action committee.

Third, Insméd seeks the resolution of regulatory and political issues affecting its interests solely on the basis of the merits involved.

CORPORATE CITIZENSHIP

We also have special responsibilities to be a good citizen in the communities in which we operate. We are sensitive to the economic role we play in those communities and we contribute to community as well as to national institutions, and encourage employees, officers and directors to take an active personal role in Insméd dedication to public service.

DISCLOSURE POLICY

It is Insméd's policy to provide full, fair, accurate, timely and understandable disclosure in all documents required to be filed with the Securities and Exchange Commission and all other public communications. We expect employees, officers and directors to act in a manner that supports this policy.

WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

Any waiver of this Code of Business Conduct and Ethics for executive officers or directors may be made only by the Board or a Board committee and will be promptly disclosed to shareholders as required by applicable law or the rules of the NASDAQ Stock Market or other applicable stock exchanges.

REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Employees, officers and directors are encouraged to talk to their immediate manager or Human Resources about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is Insméd's policy not to allow retaliation for reports of misconduct by others made in good faith by employees, officers or directors. Employees, officers and directors are expected to cooperate in internal investigations of misconduct. (For additional information refer to Raising Concern section on the next page.)

COMPLIANCE PROCEDURES

We must all work to ensure prompt and consistent action against violations of this Code of Business Conduct and Ethics. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.

- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more experienced and knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Insmmed resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with the General Counsel, Human Resources Director, Insmmed's Chief Financial Officer, or other appropriate personnel.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. Insmmed does not permit retaliation of any kind against employees, officers or directors for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

RAISING CONCERNS

GENERAL

Insmmed's Code of Business Conduct and Ethics requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of Insmmed, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

REPORTING RESPONSIBILITY

It is the responsibility of all directors, officers and employees to comply with the Code of Conduct and to report violations or suspected violations in accordance with this Policy.

NO RETALIATION

No director, officer, employee or others, who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This policy is intended to encourage and enable employees and others to raise serious concerns within Insmmed prior to seeking resolution outside Insmmed.

REPORTING VIOLATIONS

Insmmed has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. The Audit Committee of Insmmed adopted an Amended and

Restated Charter complying with the requirements of the Sarbanes-Oxley Act of 2002 as amended. The Charter requires that Insmed provide a means for its employees to submit to the appropriate person at Insmed confidential, anonymous concerns regarding questionable accounting or auditing matters.

Richard Kollender is the Chairman of the Audit Committee. He is the person who should receive confidential, anonymous submissions of concern regarding any questionable accounting or auditing matters. You may write to him anonymously at the address/email address below with information regarding any such concern. If you would prefer to communicate an accounting or auditing concern directly to him you can be assured you that your conversations or correspondence will be on a strictly confidential basis and that your identity will not be given to anyone else without your permission or as required by law. You may contact him by letter, telephone or email at the following:

Mr. Richard Kollender
Quaker Partners Management, L. P.
Cira Centre
2929 Arch Street
Philadelphia, PA 19104-2868
Telephone: 215-988-6814
Email: rkollender@quakerpartners.com

Again alternatively, you may also lodge your concerns with your supervisor, Human Resources or any other officer or director of Insmed.

ACCOUNTING AND AUDITING MATTERS

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The General Counsel, Chief Financial Officer or appropriate personnel with knowledge shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

ACTING IN GOOD FAITH

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

CONFIDENTIALITY

Violations or suspected violations may be submitted on a confidential basis by the individual raising the concern or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

HANDLING OF REPORTED VIOLATIONS

The individual raising the concern will be notified and will receive an acknowledgement of the receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.