

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
INSMED INCORPORATED**

DECEMBER 7, 2011

I. Organization and Composition

There shall be constituted a standing committee of the board of directors (the “**Board**”) of Insmmed Incorporated (the “**Corporation**”) known as the Compensation Committee (the “**Committee**”).

The Committee shall be comprised of not less than three directors. All members of the Committee shall satisfy the independence requirements of The NASDAQ Stock Market, LLC (“**NASDAQ**”) as then in effect (the “**NASDAQ Rules**”). Under limited circumstances and only to the extent and for such amount of time as is absolutely necessary, the Committee may avail itself of any exceptions to the independence requirements set forth in the preceding sentence that are permitted by the NASDAQ Rules.

In addition to the independence requirements, each member shall qualify as an “outside director” under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), and as a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended.

The members of the Committee shall be appointed by the Board at the Board’s annual meeting and may be removed by the Board, with or without cause. The members of the Committee shall serve for one year or until his or her successor is duly appointed and qualified. Unless a Chairman is appointed by the Board, the members of the Committee shall designate a Chairman. The Chairman (whether appointed by the Board or elected by the members of the Committee) may be removed from the office of Chairman of the Committee or removed from the Committee altogether by the Board, with or without cause. Any vacancies on the Committee may be filled by an appointment of the Board at any time.

The duties and responsibilities of Committee members contained herein shall be in addition to those duties otherwise required for members of the Board.

II. Meetings and Action of the Committee

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but at least twice per calendar year. The Chairman or a majority of the members of the Committee may call meetings of the Committee. All members of the Committee shall be given at least 24 hours advance notice of any meeting of the Committee. Notice of Committee meetings may be made orally, in writing or electronically, including, without limitation, via electronic mail, facsimile, telephone, courier/personal delivery, postal mail or any combination of the foregoing. Meetings may be held telephonically or by any other means which allows all of the members of the Committee to hear each other during the conduct of the meeting.

The Committee may invite to its meetings any director, member of management of the Corporation, or such other persons as it deems appropriate in order to carry out its responsibilities. Conversely, the Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities and shall exclude members of management (individually or collectively) from meetings, as appropriate, when managements' compensation is being discussed.

A majority of the members of the Committee shall constitute a quorum for the transaction of business at a meeting and the act of a majority of the Committee members present shall be the act of the Committee. In lieu of a meeting, the Committee may act by unanimous written consent.

The Committee shall maintain minutes of meetings and shall report to the full Board, including any recommendations the Committee deems appropriate, following each meeting of the Committee at the next regularly scheduled meeting of the Board or sooner, as circumstances may dictate.

III. Purpose and Objectives

The Committee's primary purpose is to develop and oversee the implementation of the Corporation's philosophy with respect to the compensation of executive officers. The Committee shall have the overall responsibility for the executive and other compensation plans, policies, and programs on behalf of the Board.

The Committee's primary objective shall be to develop and maintain an executive compensation policy that (i) creates a direct relationship between pay levels and corporate performance and returns to shareholders; (ii) provides overall competitive pay levels to effectively attract and retain executive talent; (iii) creates proper incentives to enhance shareholder value; and (iv) rewards superior performance. The Committee may utilize flexible compensation structures to attract, retain, motivate and appropriately reward executive officers, consistent with the foregoing objectives.

IV. Authority

The Committee shall have the authority to obtain and utilize, where it deems appropriate, comparative data regarding compensation practices. The Committee may retain and compensate one or more executive compensation consultants or other advisors to assist the Committee with these duties. The Committee also shall have authority to obtain advice and assistance from internal or external legal, accounting and other advisors and incur expenses in connection with such advice and assistance.

From time to time, the Committee shall have the authority to form subcommittees and delegate authority to subcommittees or other persons as and when appropriate.

V. Responsibilities and Duties

In furtherance of the Committee's purpose and objectives, the Committee's specific responsibilities and duties shall be as follows:

- Create, amend, review and approve for recommendation to the Board the Corporation's formal compensation plans and benefit programs for employees generally.
- Oversee the administration and operation of the Corporation's compensation and benefit programs and ensure such programs are administered and operated in a manner which is equitable, fair and consistently applied.
- Review and evaluate the performance of the Chief Executive Officer and recommend to the Board the individual elements of total compensation (including, without limitation, any severance and termination-based compensation) for the Chief Executive Officer, considering, among other things, the individual performance, experience, prior compensation levels, existing contractual requirements and qualifications of the Chief Executive Officer and the general objective performance of the Corporation, as well as the compensation practices of peer companies and the markets where the Corporation competes for executive talent.
- Review and evaluate the performance of the executive officers of the Corporation other than the Chief Executive Officer and determine the individual elements of total compensation (including, without limitation, any severance and termination-based compensation) for the executive officers of the Corporation other than the Chief Executive Officer, considering, among other things, the assessment of the Chief Executive Officer of the executive officers' success in attaining individual performance objectives, the experience, prior compensation levels, existing contractual requirements and qualifications of such executive officers and the general objective performance of the Corporation, as well as the compensation practices of peer companies and the markets where the Corporation competes for executive talent.
- Review the Corporation's performance against established corporate performance objectives as well as the individual performance of each executive officer and (i), in the case of the Chief Executive Officer, recommend to the Board for approval the annual incentive/bonus to be paid to the Chief Executive Officer, and (ii), in the case of the executive officers other than the Chief Executive Officer, determine the annual incentive/bonus to be paid to each such executive officers.
- Determine and recommend to the Board for its approval the appropriate level and form of compensation of non-employee directors, including annual retainer, meeting fees, stock awards and other compensation, and any changes to such compensation, as appropriate.
- Review and consult with the Board on director's and officer's indemnification and insurance matters, including, without limitation, recommendations related to the appropriate levels of such insurance to be maintained by the Corporation.
- Review and discuss with management and approve the Compensation Discussion and Analysis ("**CD&A**") prior to its inclusion in the Corporation's proxy statement, information statement or the Annual Report on Form 10-K, as the case may be, and

prepare an annual report of the Committee stating that the Committee has reviewed and discussed the CD&A with management and whether the Committee recommends its inclusion in such proxy statement, information statement or Annual Report on Form 10-K, as the case may be.

- Review the Corporation’s regulatory compliance with respect to compensation matters, including ensuring that reasonable efforts are made to structure compensation programs to preserve tax deductibility, and, as and when required, approving performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Code.
- Oversee the annual assessment of the Corporation’s compensation policies and practices as they relate to risk management at the Corporation, including, without limitation, a review of the following (to the extent each impacts, enhances or mitigates potential risks):
 - the Corporation’s overall risk and reward compensation structure;
 - differences in compensation policies or practices across business functions of the Corporation;
 - controls at the Corporation which may mitigate risk or risk taking activities by employees, as well as other compliance policies, practices and programs at the Corporation;
 - management’s decision-making and policy-making structures and practices; and
 - the methodology used to define, update, and measure short-term and long-term objectives as part of the Corporation’s compensation programs.

VI. Consistency with Articles of Incorporation and Bylaws

To the extent that any provision or section of this charter may be inconsistent with any article, provision or section of the articles of incorporation or bylaws of the Corporation, the articles of incorporation or bylaws, as appropriate, shall fully control.

VII. Additional Responsibilities and Authority

The Committee shall perform an annual self-assessment of its performance and shall, at least annually, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

The Committee shall perform any other activities that are (i) consistent with the intent of this Charter, the Corporation’s articles of incorporation or bylaws, and applicable law; (ii) deemed by the Committee appropriate in light of the Committee’s purpose and objectives or to carry out its duties and responsibilities; or (iii) otherwise requested by the Board.