

INSMED INCORPORATED

Nominations and Governance Committee Charter

(As of January 28, 2004)

Pursuant to Section 13.1-689 of the Virginia Stock Corporation Act and Article III, Section 5 of the Amended and Restated Bylaws of Insmmed Incorporated, incorporated under the laws of the Commonwealth of Virginia (the "Corporation"), the following shall constitute the Charter of the Nominations and Governance Committee (the "Charter") of the board of directors of the Corporation:

I. ORGANIZATION

There shall be constituted a standing committee of the board of directors of the Corporation (the "Board") to be known as the Nominations and Governance Committee (the "Nominations and Governance Committee").

II. COMPOSITION AND SELECTION

The Nominations and Governance Committee shall be comprised of two or more directors. The members of the Nominations and Governance Committee shall satisfy the independence requirements of The Nasdaq Stock Market, Inc. ("Nasdaq") as then in effect (the "Nasdaq Rules").*

The members of the Nominations and Governance Committee shall be appointed by the Board at the Board's annual meeting and may be removed by the Board. The members of the Nominations and Governance Committee shall serve for one year or until their successors are duly elected and qualified. Unless a Chairman is elected by the full Board, the members of the Nominations and Governance Committee shall designate a Chairman by majority vote of the full Nominations and Governance Committee membership.

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

* If the Nominations Committee is comprised of at least three members, one director who is not independent (as defined by the Nasdaq Rules) and is not a current officer or employee or a Family Member (as defined by the Nasdaq Rules) of an officer or employee may be appointed to the Nominations Committee if the Board, under exceptional and limited circumstance, determines that such director's membership on the committee is required by the best interests of the Corporation and its shareholders, and the Board discloses, in the proxy statement for the next annual meeting subsequent to the determination, the nature of the relationship and the reasons for the determination. Such a director may not serve longer than two years on the Nominations Committee.

III. STATEMENT OF PURPOSE

The Nominations and Governance Committee is appointed by the Board to:

- (a) assist the Board by identifying and recruiting individuals qualified to become Board members and to recommend to the Board the director nominees for the next annual meeting of shareholders;
- (b) recommend to the Board director nominees for each committee;
- (c) oversee the governance of the Corporation including recommending to the Board Corporate Governance Guidelines for the Corporation; and
- (d) lead the Board in its annual review of the Board's performance and oversee the evaluation of each of the Board's Committees;
- (e) oversee the management continuity planning process.

IV. COMMITTEE OBJECTIVES

The Nominations and Governance Committee's objectives shall include serving as an independent and objective party to identify and nominate qualified candidates for director and Board committee placement; and nominating members for each of the Board's committees; taking a leadership role in shaping the Corporation's corporate governance; and overseeing the evaluation of the Board and management.

V. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Nominations and Governance Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms. The Nominations and Governance Committee also shall have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

The Nominations and Governance Committee may form and delegate authority to subcommittees when appropriate.

The Nominations and Governance Committee shall:

- (a) review the composition of the Board, taking into account the Nasdaq Rules and any other relevant rules or proposals set forth by the Securities and Exchange Commission and the Corporate Governance Guidelines;
- (b) actively seek, identify and recommend to the Board individuals qualified to become Board members, consistent with criteria approved by the Board, and establish such criteria based on factors it considers appropriate such as strength of character, maturity of judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board;
- (c) recommend to the Board nominees for each of the Board's committees and, where appropriate, the Chairman of such committees;

- (d) recommend to the Board nominees for election as directors;
- (e) present all nominees in a timely fashion to minimize disruption in the Corporation's business and at such a time to allow for the full consideration of the nominees by the Board and the timely submission of any filings required by the Securities and Exchange Commission;
- (f) make recommendations to the Board regarding tenure and classifications of directors;
- (g) receive comments from all directors and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board following the end of each fiscal year; consider, discuss and recommend ways to improve the Board's effectiveness;
- (h) consider whether members of the Board should stand for reelection and review matters relating to retirement of Board members such as term limits and age caps.
- (i) annually review and reassess the adequacy of the Corporate Governance Guidelines of the Corporation and recommend any proposed changes to the Board for approval; consider other corporate governance and related issues;
- (j) evaluate the adequacy of the Corporation's conflict of interest policies when business opportunities arise that potentially may give rise to the appearance of impropriety;
- (k) obtain confirmation from the Corporation's management that the conflict of interest policies are understood and implemented
- (l) consider with management public policy issues that may affect the Corporation;
- (m) make regular reports to the Board;
- (n) review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval;
- (o) consider the adequacy of the articles of incorporation and the bylaws of the Company and recommend to the Board, proposed amendments to the articles of incorporation or bylaws;
- (p) consider policies relating to meetings of the Board including meeting schedules and locations, meeting agendas, and procedures for delivery of materials in advance of meetings;
- (q) oversee and approve the management continuity planning process, reviewing plans relating to the succession of the CEO and other executive officer positions, and make recommendations to the Board with respect to the selection of individuals to occupy these positions;
- (r) annually review its own performance; and
- (s) perform such other functions as the Board may request.

VI. MEETINGS

The Nominations and Governance Committee shall meet as often as may be deemed necessary or appropriate in its judgment and that of the Board. The Chairman or a majority of the members of the Nominations and Governance Committee may call meetings of the Nominations and Governance Committee upon reasonable notice to all members of such Committee. The Nominations and Governance Committee shall meet at such a time and place to allow for the timely presentment of any nominees to the Board for consideration. Following each meeting, the Nominations and Governance Committee shall report to the Board at the next regularly scheduled Board meeting, or sooner, as circumstances may dictate. All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meeting any persons it deems appropriate in order to carry out its responsibilities.

VII. CONSISTENCY WITH ARTICLES OF INCORPORATION, AS AMENDED, OR AMENDED AND RESTATED 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, as amended, or the Amended and Restated Bylaws of the Corporation, the Articles of Incorporation, as amended, or the Amended and Restated Bylaws, as appropriate, shall fully control.

VIII. CERTIFICATION

This Nominations and Governance Committee Charter was duly approved and adopted by the Board of the Corporation on the 28th day of January, 2004.

W. McIlwaine Thompson, Jr. /s/
W. McIlwaine Thompson, Jr., Esq.
Secretary