INSMED INC

FORM 10-Q
(Quarterly Report)

Filed 08/03/17 for the Period Ending 06/30/17

Address	10 FINDERNE AVENUE BUILDING 10 BRIDGEWATER, NJ 08807
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Industry	Biotechnology & Medical Research
Sector	Healthcare
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-30739

INSMED INCORPORATED
(Exact name of registrant as specified in its charter)

Virginia	**54-1972729**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
10 Finderne Avenue, Building 10 Bridgewater, New Jersey	**08807**
(Address of principal executive offices)	(Zip Code)

(908) 977-9900
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

As of July 31, 2017, there were 62,377,916 shares of the registrant's common stock, $0.01 par value, outstanding.

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FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2017

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In this Form 10-Q, we use the words "Insmed Incorporated" to refer to Insmed Incorporated, a Virginia corporation, and we use the words "Company," "Insmed," "Insmed Incorporated," "we," "us" and "our" to refer to Insmed Incorporated and its consolidated subsidiaries. ARIKAYCE, INSMED and CONVERT are trademarks of Insmed Incorporated. This Form 10-Q also contains trademarks of third parties. Each trademark of another company appearing in this Form 10-Q is the property of its owner.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

INSMED INCORPORATED
Consolidated Balance Sheets
(in thousands, except par value and share data)

	As of June 30, 2017 (unaudited)	As of December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 91,064	$ 162,591
Prepaid expenses and other current assets	5,470	5,816
Total current assets	96,534	168,407
In-process research and development	58,200	58,200
Fixed assets, net	9,234	10,020
Other assets	1,672	1,329
Total assets	$ 165,640	$ 237,956
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 11,030	$ 10,439
Accrued expenses	14,548	16,822
Other current liabilities	694	728
Total current liabilities	26,272	27,989
Debt, long-term	55,194	54,791
Other long-term liabilities	729	693
Total liabilities	82,195	83,473
Shareholders' equity:		
Common stock, $0.01 par value; 500,000,000 authorized shares, 62,376,416 and 62,019,889 issued and outstanding shares at June 30, 2017 and December 31, 2016, respectively	624	620
Additional paid-in capital	930,185	919,164
Accumulated deficit	(847,322)	(765,236)
Accumulated other comprehensive loss	(42)	(65)
Total shareholders' equity	83,445	154,483
Total liabilities and shareholders' equity	$ 165,640	$ 237,956

See accompanying notes to consolidated financial statements

INSMED INCORPORATED
Consolidated Statements of Comprehensive Loss (unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	$ —	$ —	$ —	$ —
Operating expenses:				
Research and development	26,871	23,871	49,125	44,418
General and administrative	16,644	12,262	30,359	24,782
Total operating expenses	43,515	36,133	79,484	69,200
Operating loss	(43,515)	(36,133)	(79,484)	(69,200)
Investment income	169	164	323	334
Interest expense	(1,489)	(624)	(2,963)	(1,246)
Other income, net	200	32	105	47
Loss before income taxes	(44,635)	(36,561)	(82,019)	(70,065)
Provision for income taxes	37	18	67	46
Net loss	$ (44,672)	$ (36,579)	$ (82,086)	$ (70,111)
Basic and diluted net loss per share	$ (0.72)	$ (0.59)	$ (1.32)	$ (1.13)
Weighted average basic and diluted common shares outstanding	62,209	61,878	62,126	61,868
Net loss	$ (44,672)	$ (36,579)	$ (82,086)	$ (70,111)
Other comprehensive income:				
Foreign currency translation gains	5	15	23	12
Total comprehensive loss	$ (44,667)	$ (36,564)	$ (82,063)	$ (70,099)

See accompanying notes to consolidated financial statements

INSMED INCORPORATED
Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	Six Months Ended June 30,	
	2017	**2016**
Operating activities		
Net loss	$ (82,086)	$ (70,111)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,454	1,082
Stock-based compensation expense	8,591	8,834
Amortization of debt discount and debt issuance costs	61	75
Accretion of backend fee on debt	342	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	128	(1,176)
Accounts payable	767	1,222
Accrued expenses and other	(2,415)	2,309
Net cash used in operating activities	(73,158)	(57,765)
Investing activities		
Purchase of fixed assets	(854)	(2,128)
Net cash used in investing activities	(854)	(2,128)
Financing activities		
Proceeds from exercise of stock options	2,434	128
Net cash provided by financing activities	2,434	128
Effect of exchange rates on cash and cash equivalents	51	(2)
Net decrease in cash and cash equivalents	(71,527)	(59,767)
Cash and cash equivalents at beginning of period	162,591	282,876
Cash and cash equivalents at end of period	$ 91,064	$ 223,109
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,574	$ 1,572
Cash paid for income taxes	$ 41	$ 26

See accompanying notes to consolidated financial statements

INSMED INCORPORATED
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. The Company and Basis of Presentation

Insmed is a global biopharmaceutical company focused on the unmet needs of patients with rare diseases. The Company's lead product candidate is ARIKAYCE®, or amikacin liposome inhalation suspension (ALIS) (formerly known as liposomal amikacin for inhalation, or LAI), which is in late-stage development for adult patients with treatment refractory nontuberculous mycobacteria (NTM) lung disease caused by *Mycobacterium avium* complex (MAC), a rare and often chronic infection that can cause irreversible lung damage and which can be fatal. The Company's earlier clinical-stage pipeline includes INS1007, a novel oral reversible inhibitor of dipeptidyl peptidase 1, and INS1009, an inhaled treprostinil prodrug nanoparticle formulation.

The Company was incorporated in the Commonwealth of Virginia on November 29, 1999 and its principal executive offices are in Bridgewater, New Jersey. The Company has legal entities in the United States (US), Ireland, Germany, France, the United Kingdom (UK) and the Netherlands . All intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain information and disclosures required by accounting principles generally accepted in the US for complete consolidated financial statements are not included herein. The interim statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The results of operations of any interim period are not necessarily indicative of the results of operations for the full year. The unaudited interim consolidated financial information presented herein reflects all normal adjustments that are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented.

2. Summary of Significant Accounting Policies

The following are interim updates to certain of the policies described in "Note 2" to the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2016:

Fair Value Measurements - The Company categorizes its financial assets and liabilities measured and reported at fair value in the financial statements on a recurring basis based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity associated with the inputs used to determine the fair value of financial assets and liabilities, are as follows:

- Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 — Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the assets or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level 3 — Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Each major category of financial assets and liabilities measured at fair value on a recurring basis are categorized based upon the lowest level of significant input to the valuations. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Financial instruments in Level 1 generally include US treasuries and mutual funds listed in active markets.

The Company's only assets and liabilities which were measured at fair value as of June 30, 2017 and December 31, 2016 were Level 1 and such assets were comprised of cash and cash equivalents of $91.1 million and $162.6 million, respectively.

The Company's cash and cash equivalents permit daily redemption and the fair values of these investments are based upon the quoted prices in active markets provided by the holding financial institutions. Cash equivalents consist of liquid investments with a maturity of three months or less from the date of purchase.

The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each quarter. There were no transfers in or out of Level 1, Level 2 or Level 3 during the three and six months ended June 30, 2017 and 2016, respectively.

As of June 30, 2017 and December 31, 2016, the Company held no securities that were in an unrealized gain or loss position. The Company reviews the status of each security quarterly to determine whether an other-than-temporary impairment has occurred. In making its determination, the Company considers a number of factors, including: (1) the significance of the decline; (2) whether the securities were rated below investment grade; (3) how long the securities have been in an unrealized loss position; and (4) the Company's ability and intent to retain the investment for a sufficient period of time for it to recover.

Net Loss Per Common Share - Basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares and other dilutive securities outstanding during the period. Potentially dilutive securities from stock options and restricted stock units (RSUs) would be antidilutive as the Company incurred a net loss. Potentially dilutive common shares resulting from the assumed exercise of outstanding stock options are determined based on the treasury stock method.

The following table sets forth the reconciliation of the weighted average number of shares used to compute basic and diluted net loss per share for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands, except per share amounts)			
Numerator:				
Net loss	$ (44,672)	$ (36,579)	$ (82,086)	$ (70,111)
Denominator:				
Weighted average common shares used in calculation of basic net loss per share:	62,209	61,878	62,126	61,868
Effect of dilutive securities:				
Common stock options	—	—	—	—
RSUs	—	—	—	—
Weighted average common shares outstanding used in calculation of diluted net loss per share	62,209	61,878	62,126	61,868
Net loss per share:				
Basic and Diluted	$ (0.72)	$ (0.59)	$ (1.32)	$ (1.13)

The following potentially dilutive securities have been excluded from the computations of diluted weighted average common shares outstanding as of June 30, 2017 and 2016 as their effect would have been anti-dilutive (in thousands):

	2017	2016
Stock options to purchase common stock	8,621	7,508
Unvested RSUs	47	89

Recently Adopted Accounting Pronouncements - In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* , which defines management's responsibility to perform interim and annual assessments of an entity's ability to continue as a going concern, and to provide related footnote disclosures if there is substantial doubt about its ability to continue as a going concern. The new standard was effective for the annual period ending after December 15, 2016, and for interim periods thereafter. The Company adopted ASU 2014-15 in the fourth quarter of 2016, which had no impact on the Company's consolidated financial statements. The interim assessment during the first and second quarters of 2017 did not have an impact on the consolidated financial statements.

The Company had $91.1 million in cash and cash equivalents as of June 30, 2017 and reported a net loss of $82.1 million for the six months ended June 30, 2017. Historically the Company has funded its operations through public offerings of equity securities and debt financings. To date, the Company has not generated material revenue from ALIS. The Company does not expect to generate material revenue unless or until marketing approval is received for ALIS. Accordingly, the Company expects to continue to incur losses while funding research and development (R&D) activities, regulatory submissions, potential commercial launch activities and general and administrative expenses. The Company expects its future cash requirements to be substantial, and the Company will need to raise additional capital to fund operations, to develop and commercialize ALIS, to develop INS1007 and INS1009 and to develop, acquire, in-license or co-promote other products that address orphan or rare diseases.

ASU 2014-15 requires the Company to evaluate whether it has sufficient resources to fund operations for the next 12 months from the filing date without regard to whether or not it can raise capital in the future. If the Company is unable to obtain sufficient additional capital, t he Company believes it currently has sufficient funds to meet its financial needs for at least the next 12 months, if it makes significant reductions in spending. The Company will seek additional capital within the next 12 months and may do so through equity or debt financing(s), strategic transactions or otherwise. The source, timing and availability of any future financing or other transaction will depend principally upon continued progress in the Company's regulatory, development and pre-commercial activities. Any equity or debt financing will also be contingent upon equity and debt market conditions and interest rates at the time. If the Company is unable to obtain sufficient additional funds when required, the Company will be forced to delay, restrict or eliminate all or a portion of its R&D programs, pre-commercialization activities, or dispose of assets or technology.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* , which amends Accounting Standards Codification (ASC) Topic 718, *Compensation—Stock Compensation* . ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 was effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company adopted ASU 2016-09 in the first quarter of 2017. The impact of the adoption was not material to the consolidated financial statements.

3. Identifiable Intangible Asset

The Company believes there are no indicators of impairment relating to its in-process research and development intangible asset as of June 30, 2017.

4. Accrued Expenses

Accrued expenses consist of the following:

	As of June 30, 2017	As of December 31, 2016
	(in thousands)	
Accrued clinical trial expenses	$ 7,004	$ 7,071
Accrued compensation	4,464	6,937
Accrued professional fees	1,986	1,604
Accrued technical operation expenses	326	591
Accrued interest payable	424	438
Other accrued expenses	344	181
	$ 14,548	$ 16,822

5. Debt

On September 30, 2016, the Company and its domestic subsidiaries, as co-borrowers, entered into an Amended and Restated Loan and Security Agreement (the A&R Loan Agreement) with Hercules Capital, Inc. (Hercules). The A&R Loan Agreement included a total commitment from Hercules of up to $55.0 million, of which $25.0 million was previously outstanding. The amount of borrowings was increased by $10.0 million to an aggregate total of $35.0 million on September 30, 2016. An additional $20.0 million was available at the Company's option through June 30, 2017 subject to certain conditions, including the payment of a facility fee of 0.375%. The Company exercised this option in early October 2016 and borrowed an additional $20.0 million in connection with its upfront payment obligation under the license agreement with AstraZeneca AB. The interest rate for the term is floating and is calculated as the greater of (i) 9.25% or (ii) 9.25% plus the sum of the US prime rate minus 4.50%, along with a backend fee of 4.15% of the aggregate principal amount outstanding and an aggregate facility fee of $337,500. The interest-only period was extended through November 1, 2018, and it can be extended up to six additional months under certain conditions. The maturity date of the loan facility was also extended to October 1, 2020. Pursuant to the A&R Loan Agreement, the Company is required to have consolidated minimum cash liquidity in an amount no less than $25.0 million. Such requirement terminates upon the earlier of the date by which the Company completes an equity financing with at least $75.0 million in proceeds or the date the Company generates and announces data from the CONVERT study in a manner that could support the filing of a new drug application. In addition, pursuant to the A&R Loan Agreement, Hercules has the right to participate, in an aggregate amount of up to $2.0 million, in a subsequent private financing that involves the issuance of our equity securities.

In connection with the A&R Loan Agreement, the Company granted Hercules a first position lien on all of the Company's assets, excluding intellectual property. Prepayment of the loans made pursuant to the A&R Loan Agreement is subject to penalty. The

backend fee of 4.15% on the aggregate outstanding principal balance is being charged to interest expense (and accreted to the debt) using the effective interest method over the life of the A&R Loan Agreement. Debt issuance fees paid to Hercules were recorded as a discount on the debt and are being amortized to interest expense using the effective interest method over the life of the A&R Loan Agreement.

The following table presents the components of the Company's debt balance as of June 30, 2017 (in thousands):

Notes payable	$	55,000
Accretion of backend fee		513
Debt issuance costs, unamortized		(319)
Debt, long-term	$	55,194

As of June 30, 2017, future principal repayments of the debt for each of the fiscal years through maturity were as follows (in thousands):

Year Ending December 31:		
2017	$	—
2018		3,271
2019		20,753
2020		30,976
	$	55,000

The estimated fair value of the debt (categorized as a Level 2 liability for fair value measurement purposes) is determined using current market factors and the ability of the Company to obtain debt at comparable terms to those that are currently in place. The Company believes the estimated fair value at June 30, 2017 approximates the carrying amount.

6. ***Shareholders' Equity***

Common Stock — As of June 30, 2017, the Company had 500,000,000 shares of common stock authorized with a par value of $0.01 and 62,376,416 shares of common stock issued and outstanding. In addition, as of June 30, 2017, the Company had reserved 8,621,451 shares of common stock for issuance upon the exercise of outstanding common stock options and 46,914 shares of common stock for issuance upon the vesting of RSUs.

Preferred Stock — As of June 30, 2017, the Company had 200,000,000 shares of preferred stock authorized with a par value of $0.01 and no shares of preferred stock were issued and outstanding.

7. Stock-Based Compensation

The Company's current equity compensation plan, the 2017 Incentive Plan, was approved by shareholders at the Company's Annual Meeting of Shareholders on May 18, 2017. The 2017 Incentive Plan is administered by the Compensation Committee and the Board of Directors of the Company. Under the terms of the 2017 Incentive Plan, the Company is authorized to grant a variety of incentive awards based on its common stock, including stock options (both incentive stock options and non-qualified stock options), RSUs, performance options/shares and other stock awards, as well as pay incentive bonuses to eligible employees and non-employee directors. On May 18, 2017, upon the approval of the 2017 Incentive Plan by shareholders, 5,000,000 shares were authorized for issuance thereunder, plus any shares subject to then-outstanding awards under the 2015 Incentive Plan and the 2013 Incentive Plan that subsequently were cancelled, terminated unearned, expired, were forfeited, lapsed for any reason or were settled in cash without the delivery of shares. As of June 30, 2017, 4,978,554 shares remained for future issuance under the 2017 Incentive Plan. The 2017 Incentive Plan will terminate on April 3, 2027 unless it is extended or terminated earlier pursuant to its terms. In addition, from time to time, the Company makes inducement grants of stock options. These awards are made pursuant to the NASDAQ inducement grant exception as a component of new hires' employment compensation in connection with the Company's equity grant program. During the six months ended June 30, 2017, the Company granted 236,370 inducement stock options to new employees.

Stock Options - The Company calculates the fair value of stock options granted using the Black-Scholes valuation model. The following table summarizes the Company's grant date fair value and assumptions used in determining the fair value of all stock options granted:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Volatility	73%	76%-77%	73%-74%	76%-77%
Risk-free interest rate	1.74%-1.88%	1.24%-1.39%	1.74%-1.99%	1.16%-1.73%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected option term (in years)	6.25	6.25	6.25	6.25
Weighted average fair value of stock options granted	$11.02	$7.35	$10.20	$8.77

For each period presented, the volatility factor was based on the Company's historical volatility since the closing of the Company's merger with Transave in December 2010. The expected life was determined using the simplified method as described in ASC Topic 718, Accounting for Stock Compensation, which is the midpoint between the vesting date and the end of the contractual term. The risk-free interest rate is based on the US Treasury yield in effect at the date of grant. Estimated forfeitures are based on the actual percentage of option forfeitures since the closing of the Company's merger with Transave in December 2010.

From time to time, the Company grants performance-condition options to certain of its employees. Vesting of these options is subject to the Company achieving certain performance criteria established at the date of grant and the grantees fulfilling a service condition (continued employment). As of June 30, 2017, the Company had performance options totaling 133,334 shares outstanding which had not yet met the recognition criteria.

The following table summarizes the Company's aggregate stock option activity for the six months ended June 30, 2017:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (in thousands)
Options outstanding at December 31, 2016	7,116,706	$ 13.30		
Granted	2,118,640	$ 15.45		
Exercised	(267,333)	$ 9.10		
Forfeited or expired	(346,562)	$ 15.53		
Options outstanding at June 30, 2017	8,621,451	$ 13.87	7.88	$ 34,487
Vested and expected to vest at June 30, 2017	8,246,653	$ 13.82	7.82	$ 33,565
Exercisable at June 30, 2017	3,699,917	$ 12.10	6.59	$ 21,982

The total intrinsic value of stock options exercised during the three months ended June 30, 2017 and 2016 was $1.6 million and $0.1 million, respectively, and during the six months ended June 30, 2017 and 2016 was $2.1 million and $0.1 million, respectively.

As of June 30, 2017, there was $34.1 million of unrecognized compensation expense related to unvested stock options which is expected to be recognized over a weighted average period of 2.9 years. Included in unrecognized compensation expense was $1.1 million related to outstanding performance-condition options. The following table summarizes the range of exercise prices and the number of stock options outstanding and exercisable:

Outstanding as of June 30, 2017					Exercisable as of June 30, 2017	
Range of Exercise Prices ($)		Number of Options	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price ($)	Number of Options	Weighted Average Exercise Price ($)
3.03	4.55	1,033,195	5.12	3.56	1,033,195	3.56
6.90	6.90	137,577	5.72	6.90	100,077	6.90
6.96	10.85	1,088,696	8.80	10.76	290,242	10.52
11.14	12.58	1,069,725	6.82	12.17	692,772	12.21
12.66	13.58	185,880	8.01	13.24	75,312	13.28
13.67	13.67	872,520	9.52	13.67	—	—
13.94	16.07	1,164,170	7.98	15.27	500,723	15.05
16.09	17.16	1,567,243	9.18	16.69	209,392	16.18
17.24	22.76	1,441,170	7.64	21.14	770,055	21.17
22.84	27.38	61,275	7.56	23.81	28,149	23.71

Restricted Stock and Restricted Stock Units — The Company may grant restricted stock (RS) and RSUs to eligible employees, including its executives, and non-employee directors. Each share of RS vests upon, and each RSU represents a right to receive one share of the Company's common stock upon the completion of a specific period of continued service or achievement of a certain milestone. RS and RSU awards granted are valued at the market price of the Company's common stock on the date of grant. The Company recognizes noncash compensation expense for the fair values of these RS and RSUs on a straight-line basis over the requisite service period of these awards. The following table summarizes the Company's RSU award activity during the six months ended June 30, 2017:

	Number of RSUs	Weighted Average Grant Price ($)
Outstanding at December 31, 2016	89,194	10.85
Granted	46,914	17.16
Released	(89,194)	(10.85)
Outstanding at June 30, 2017	46,914	17.16

The following table summarizes the aggregate stock-based compensation recorded in the Consolidated Statements of Comprehensive Loss related to stock options and RSUs during the three and six months ended June 30, 2017 and 2016:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in millions)			
Research and development expenses	$ 1.5	$ 1.5	$ 3.0	$ 2.9
General and administrative expenses	3.1	3.1	5.6	5.9
Total	$ 4.6	$ 4.6	$ 8.6	$ 8.8

8. Income Taxes

The Company's provision for income taxes was $37,000 and $67,000 for the three and six months ended June 30, 2017, respectively, and $18,000 and $46,000 for the three and six months ended June 30, 2016, respectively . The provision for income taxes in all periods was a result of certain of the Company's subsidiaries in Europe, which had taxable income during the three and six months ended June 30, 2017 and 2016. In jurisdictions where the Company has net losses, there was a full valuation allowance recorded against the Company's deferred tax assets and therefore no tax benefit was recorded. The Company is subject to US federal, US state and foreign income taxes. The statute of limitations for tax audit is open for the Company's US federal tax returns for the years ended 2013 and later and is generally open for certain states for the years 2012 and later. The Company's US federal tax return for the year ended December 31, 2013 is currently under audit by the Internal Revenue Service. The Company has incurred net operating losses since inception, except for 2009. Loss carryforwards are subject to audit in any tax year in which those losses are utilized, notwithstanding the year of origin. As of June 30, 2017 and December 31, 2016, the Company had recorded no reserves for unrecognized income tax benefits, nor had it recorded any accrued interest or penalties related to uncertain tax positions. The Company does not anticipate any material changes in the amount of unrecognized tax positions over the next 12 months.

9. Commitments and Contingencies

The Company has an operating lease for office and laboratory space located in Bridgewater, NJ, its corporate headquarters, for which the initial lease term expires in November 2019. Future minimum rental payments under this lease are $2.5 million. In July 2016, the Company signed an operating lease for additional laboratory space located in Bridgewater, NJ for which the initial lease term expires in December 2021. Future minimum rental payments under this lease are $2.1 million.

Rent expense charged to operations was $0.3 million for both the three months ended June 30, 2017 and 2016, and $0.7 million and $0.5 million for the six months ended June 30, 2017 and 2016, respectively. Future minimum rental payments required under the Company's operating leases for the period from July 1, 2017 to December 31, 2017 and for each of the five years thereafter are as follows (in thousands):

Year Ending December 31:	
2017 (remaining)	$ 753
2018	1,519
2019	1,421
2020	477
2021	498
2022	—
	$ 4,668

Legal Proceedings

On July 15, 2016, a lawsuit captioned Hoey v. Insmed Incorporated, et al, No. 3:16-cv-04323-FLW-TJB (D.N.J. July 15, 2016) was filed in the US District Court for the District of New Jersey on behalf of a putative class of investors who purchased the Company's common stock from March 18, 2013 through June 8, 2016. The complaint alleged that the Company and certain of its executives violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (Exchange Act) by misrepresenting and/or omitting the likelihood of the European Medicines Agency approving the Company's European marketing authorization application for use of ALIS in the treatment of NTM lung disease and the likelihood of commercialization of ALIS in Europe.

On October 25, 2016, the Court issued an order appointing Bucks County Employees Retirement Fund as lead plaintiff for the putative class. On December 15, 2016, the lead plaintiff filed an amended complaint that shortens the putative class period for the Exchange Act claims to March 26, 2014 through June 8, 2016 and adds claims under Sections 11, 12, and 15 of the Securities Act of 1933 (Securities Act) on behalf of a putative class of investors who purchased common stock in or traceable to the Company's March 31, 2015 public offering. The amended complaint names as defendants in the Securities Act claims the Company, certain directors and officers, and the investment banks who served as underwriters in connection with the secondary offering. The amended complaint alleges defendants violated the Securities Act by using a purportedly misleading definition of "culture conversion" and supposedly failing to disclose in the offering materials purported flaws in its Phase 2 study that made the secondary offering risky or speculative. The amended complaint seeks damages in an unspecified amount. The Company moved to dismiss the amended complaint on March 1, 2017. The lead plaintiff opposed the motion on May 17, 2017 and the Company provided its reply brief on July 11, 2017. On July 20, 2017, the plaintiff asked for leave to file a sur-reply in further opposition to the Company's motion to dismiss the amended complaint, which the Company has opposed. The Company believes that the allegations in the complaints are without merit and intends to defend the lawsuit vigorously; however, there can be no assurance regarding the ultimate outcome of the lawsuit.

From time to time, the Company is a party to various other lawsuits, claims and other legal proceedings that arise in the ordinary course of business. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward looking statements. "Forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995, are statements that are not historical facts and involve a number of risks and uncertainties. Words herein such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "intends," "potential," "continues," and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) identify forward-looking statements.

Forward-looking statements are based on our current expectations and beliefs, and involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance and achievements and the timing of certain events to differ materially from the results, performance, achievements or timing discussed, projected, anticipated or indicated in any forward-looking statements. Such factors include, among others, the following:

- *uncertainties in the research and development of our existing product candidates, including due to delays in data readouts, patient enrollment or failure of our preclinical studies or clinical trials to satisfy pre-established endpoints;*
- *failure to develop, or to license for development, additional product candidates, including a failure to attract experienced third party collaborators;*
- *failure to obtain, or delays in obtaining, regulatory approval from the United States (US) Food and Drug Administration (FDA), Japan's Pharmaceuticals and Medical Devices Agency (PMDA), the European Medicines Agency (EMA), and other regulatory authorities for our product candidates or their delivery devices, including due to insufficient clinical data or selection of endpoints that are not satisfactory to regulators;*
- *failure of third parties on which we are dependent to conduct our clinical trials and to manufacture sufficient quantities of our product candidates for clinical or commercial needs;*
- *failure to comply with license agreements that are critical for our product development, including our license agreements with PARI Pharma GmbH (PARI) and AstraZeneca AB (AstraZeneca);*
- *lack of safety and efficacy of our product candidates;*
- *inaccuracies in our estimate of the size of the potential markets for our product candidates;*
- *failure to maintain regulatory approval for our product candidates, if received, due to a failure to satisfy post-approval regulatory requirements, such as the need for post-clinical trials;*
- *uncertainties in the rate and degree of market acceptance of product candidates, if approved;*
- *uncertainties in the timing, scope and rate of reimbursement for our product candidates;*
- *competitive developments affecting our product candidates;*
- *inaccurate estimates regarding our future capital requirements, including those necessary to fund our ongoing clinical development, regulatory and commercialization efforts as well as milestone payments or royalties owed to third parties;*
- *inability to repay our existing indebtedness or to obtain additional financing when needed;*
- *failure to obtain, protect and enforce our patents and other intellectual property;*
- *inability to create an effective direct sales and marketing infrastructure or to partner with a third party that offers such an infrastructure for distribution of our product candidates;*
- *the cost and potential reputational damage resulting from litigation to which we are a party, including, without limitation, the class action lawsuit pending against us;*

- *failure to comply with the laws and regulations that impact our business;*
- *loss of key personnel; and*
- *changes in laws and regulations applicable to our business, including those related to pricing and reimbursement of our product candidates.*

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. More information on factors that could cause actual results to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, particularly under the caption "Risk Factors." We disclaim any obligation, except as specifically required by law, and the rules of the SEC, to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

The following discussion should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2016.

OVERVIEW

We are a global biopharmaceutical company focused on the unmet needs of patients with rare diseases. Our lead product candidate is ARIKAYCE, or amikacin liposome inhalation suspension (ALIS) (formerly known as liposomal amikacin for inhalation, or LAI), which is in late-stage development for adult patients with treatment refractory nontuberculous mycobacteria (NTM) lung disease caused by *Mycobacterium avium* complex (MAC), a rare and often chronic infection that can cause irreversible lung damage and can be fatal. Our earlier clinical-stage pipeline includes INS1007 and INS1009. INS1007 is a novel oral, reversible inhibitor of dipeptidyl peptidase 1 (DPP1), an enzyme responsible for activating neutrophil serine proteases, which are implicated in the pathology of chronic inflammatory lung diseases, such as non-cystic fibrosis (non-CF) bronchiectasis. INS1009 is an inhaled nanoparticle formulation of a treprostinil prodrug that may offer a differentiated product profile for rare pulmonary disorders, including pulmonary arterial hypertension (PAH).

The table below summarizes the current status and anticipated milestones for our principal product candidates: ALIS, INS1007, and INS1009.

Product Candidate/Target Indications	Status	Next Expected Milestones
ALIS for adult patients with treatment refractory NTM lung infections caused by MAC	• We are advancing the CONVERT (or 212) study, a randomized, open-label global phase 3 clinical study of ALIS in adult patients with treatment refractory NTM lung disease caused by MAC. We achieved our enrollment objective in 2016 and in July 2017, we reported that all remaining patients had progressed beyond the Month 6 visit for the CONVERT study. • The FDA has designated ALIS as an orphan drug, a breakthrough therapy, and a qualified infectious disease product (QIDP). • The European Commission has granted an orphan designation for ALIS for the treatment of NTM lung disease.	• We expect to report top-line results for the CONVERT study in September 2017 plus or minus one month. • If the CONVERT study meets its primary endpoint, we intend to seek accelerated marketing approval for ALIS in the US. We intend to seek marketing approvals for ALIS in certain countries outside the US, when sufficient data are available. If approved, we expect ALIS would be the first inhaled antibiotic specifically indicated for the treatment of refractory NTM lung infections caused by MAC in North America, Japan and Europe. • If approved, we plan to commercialize ALIS in the US, Japan, certain countries in Europe, and certain other countries.
INS1007 (oral reversible inhibitor of DPP1) for non-CF bronchiectasis	• In October 2016, we entered into a license agreement with AstraZeneca for the exclusive global rights for the purpose of developing and commercializing AZD7986 (AZ License Agreement). We renamed the compound INS1007 and plan to pursue an initial indication in non-CF bronchiectasis. • We are defining our regulatory strategies to potentially secure US and EU orphan drug designations and expedite the development and regulatory review of INS1007 through programs such as US fast track designation. • We are in preparations for the WILLOW study, a global phase 2, randomized, double-blind, placebo-controlled, parallel-group, multi-center clinical study to assess the efficacy, safety and tolerability, and pharmacokinetics of INS1007 administered once daily for 24 weeks in subjects with non-CF bronchiectasis.	• Pending the IND becoming effective, we expect to commence enrollment in the WILLOW clinical study of INS1007. We currently expect enrollment to commence in the second half of 2017.
INS1009 (inhaled nanoparticle formulation of a treprostinil prodrug) for rare pulmonary disorders	• The results of our phase 1 study of INS1009 were presented at the European Respiratory Society international congress in September 2016. • The phase 1 study was a randomized, double-blind, placebo-controlled, single ascending dose study of INS1009 for inhalation to determine its safety, tolerability, and pharmacokinetics in healthy volunteers.	• We believe INS1009 may offer a differentiated product profile for rare pulmonary disorders, including PAH, and we are currently evaluating our options to advance its development.

Our earlier-stage pipeline includes preclinical compounds that we are evaluating in multiple rare diseases of unmet medical need, including methicillin-resistant staph aureus (MRSA) and NTM. To complement our internal research and development, we actively evaluate in-licensing and acquisition opportunities for a broad range of rare diseases.

Our Strategy

Our strategy focuses on the needs of patients with rare diseases. We are currently primarily focused on the development and commercialization of ALIS. We are not aware of any inhaled products specifically indicated to treat refractory NTM lung disease in North America, Japan or Europe. While we believe that ALIS has the potential to treat a number of different bacterial infections, we are prioritizing securing US regulatory approval of ALIS for adult patients with refractory NTM lung disease caused by MAC. We are also advancing earlier-stage programs in other rare pulmonary disorders.

Our current priorities are as follows:

- Completing the CONVERT study;
- Subject to the results of the CONVERT study, preparing a New Drug Application (NDA) for submission to the FDA for ALIS based on the primary endpoint of that study;
- Ensuring our product supply chain will support the clinical development and, if approved, commercialization of ALIS;
- Preparing for potential commercialization of ALIS in the US, Japan, certain countries in Europe, and certain other countries;
- Developing the core value dossier to support the global reimbursement of ALIS;
- Supporting further research and lifecycle management strategies for ALIS, including exploring the potential use of ALIS as part of a front-line, multi-drug regimen and as maintenance monotherapy to prevent recurrence (defined as true relapse or reinfection) of NTM lung disease;
- Starting enrollment of the WILLOW phase 2 study of INS1007 in non-CF bronchiectasis pending the IND becoming effective;
- Generating preclinical findings from our earlier-stage program(s); and
- Expanding our rare disease pipeline through corporate development.

Product Pipeline

ALIS for patients with NTM lung disease

Our lead product candidate is ALIS, a novel, once-daily liposomal formulation of amikacin that is in late-stage clinical development for adult patients with treatment refractory NTM lung disease caused by MAC, a rare and often chronic infection that can cause irreversible lung damage and which can be fatal. Amikacin solution for parenteral administration is an established drug that has activity against a variety of NTM; however, its use is limited by the need to administer it intravenously and by toxicity to hearing, balance, and kidney function (Peloquin et al., 2004). Unlike intravenous amikacin, our advanced liposome technology uses charge-neutral liposomes to deliver amikacin directly to the lung where it is taken up by the lung macrophages where the NTM infection resides. This technology prolongs the release of amikacin in the lungs while minimizing systemic exposure thereby offering the potential for decreased systemic toxicities. ALIS's ability to deliver high levels of amikacin directly to the lung distinguishes it from intravenous amikacin. ALIS is administered once-daily, using a portable aerosol delivery system, via an optimized, investigational eFlow ® Nebulizer System manufactured by PARI.

The FDA has designated ALIS as an orphan drug, a breakthrough therapy, and a QIDP for NTM lung disease. Orphan designation features seven years of post-approval marketing exclusivity in the approved indication, and QIDP features an additional five years of post-approval exclusivity in the approved indication. As a result, ALIS would have 12 years of post-approval marketing exclusivity in the US, if approved. A QIDP-designated product is eligible for fast track status and is often granted priority review status. A priority review designation for a drug means the FDA's goal is to take action on the NDA within six months following the 60-day filing date, as compared to within 10 months following the 60-day filing date under a standard review.

The CONVERT study and 312 study

ALIS is currently being evaluated in a phase 3 randomized, open-label clinical study taking place in North America, Europe, Australia, New Zealand and Asia that is designed to confirm the culture conversion results seen in our phase 2 clinical trial, which we expect will provide the basis for submitting an NDA to the FDA. Because the highest response to ALIS treatment in our phase 2 study was observed in the subgroup of non-CF patients with NTM lung infection caused by MAC, the CONVERT study is comprised of

non-CF patients 18 years and older with an NTM lung infection caused by MAC that is refractory to a stable multi-drug regimen for at least six months, with the regimen either ongoing or interrupted within 12 months of screening. The CONVERT study excludes patients whose susceptibility scores indicate that their MAC lung infection may be resistant to amikacin or who have a history of lung transplantation. We achieved our enrollment objective for the CONVERT study in 2016 and, in July 2017, we reported that all remaining patients had progressed beyond the Month 6 visit.

After a screening period of approximately 10 weeks, eligible patients were randomized 2:1 to once-daily ALIS plus a multi-drug regimen or a multi-drug regimen without ALIS. The first analysis, after the last patient has completed Month 6, will be based on the primary efficacy endpoint comparing the proportion of patients who achieve culture conversion (three consecutive monthly negative sputum cultures) by Month 6 in the ALIS plus multi-drug regimen arm to the proportion of patients who achieve culture conversion in the arm in which patients receive a multi-drug regimen without ALIS. The study's key secondary endpoint in the first analysis includes the change from baseline in the six-minute walk test. We expect to report top-line results for the CONVERT study in September 2017 plus or minus one month. Subsequent analyses will examine off-treatment assessments to evaluate the durability of the anti-mycobacterial effect on sputum culture by assessing the durability of culture conversion at 3 months and 12 months off all treatment in patients that achieve conversion. The study also includes a comprehensive pharmacokinetic sub-study in Japanese patients in lieu of a separate local pharmacokinetic study in Japan.

At Month 8, after all sputum culture results are known up to and including Month 6, patients will be assessed as converters (those achieving culture conversion by Month 6) or non-converters for the primary efficacy endpoint. All converters will continue on their randomized treatment regimen for 12 months following the first negative sputum culture that defined conversion. All converters will return for off-treatment follow-up visits. A 12-month off-treatment study visit will be the last visit for the CONVERT study.

All non-converters, as determined at the Month 8 visit, may be eligible to enter a separate 12-month, single-arm, open-label study (the 312 study). The primary objective of the 312 study is to evaluate the long-term safety and tolerability of ALIS in combination with a standard multi-drug regimen. The secondary endpoints of the 312 study include evaluating the proportion of patients achieving culture conversion (three consecutive monthly negative sputum cultures) by Month 6 and the proportion of patients achieving culture conversion by Month 12 (end of treatment).

The protocol for the CONVERT study incorporates feedback from the FDA and the EMA via its scientific advice working party process, as well as local health authorities in other countries, including Japan's PMDA. If the CONVERT study meets the primary endpoint of culture conversion by Month 6, we believe we would be eligible to submit an NDA pursuant to 21 C.F.R. Part 314 Subpart H (Accelerated Approval of New Drugs for Serious or Life-Threatening Illnesses), which permits the FDA to approve a product candidate based on a surrogate or intermediate endpoint, provided (i) we commit to study the product candidate further to verify and describe the confirmatory data of its clinical benefit and (ii) the FDA concurs with other aspects of the NDA. We believe that efficacy data from the CONVERT study after Month 6 in combination with the durability data, if successful, will suffice to meet both the accelerated and confirmatory data requirements. We expect that full approval would be contingent on FDA review of, among other things, the final analyses of sustainability and durability of culture conversion for converters.

Phase 2 Study (or 112 Study)

Our completed phase 2 study (or 112 study) was a randomized, double-blind, placebo-controlled study that evaluated the efficacy and safety of ALIS in adults with NTM lung disease due to MAC or *M. abscessus* that was refractory to guideline-based therapy. In October 2016, the results from the phase 2 study were published online in the *American Journal of Respiratory and Critical Care Medicine* (Olivier et al. 2016).

The study included an 84-day double-blind phase in which patients were randomized 1:1 either to ALIS once-daily plus a multi-drug regimen or to placebo once-daily plus a multi-drug regimen. After completing the 84-day double-blind phase, patients had the option of continuing in an 84-day open-label phase during which all patients received ALIS plus the same multi-drug regimen. The study also included 28-day and 12-month off-ALIS follow-up assessments. Eighty-nine (89) patients were randomized and dosed in the study. Of the 80 patients who completed the 84-day double-blind phase, 78 patients entered the open-label phase and received ALIS plus the same multi-drug regimen for an additional 84 days. Seventy-six (76) percent (59/78) of patients who entered the open-label phase of the study completed the open-label study.

The primary efficacy endpoint of the study was the change from baseline (Day 1) to the end of the double-blind phase of the trial (Day 84) in a semi-quantitative measurement of mycobacterial density on a seven-point scale. ALIS did not meet the pre-specified level for statistical significance although there was a positive trend ($p=0.072$) in favor of ALIS. The p-value for the key secondary endpoint of culture conversion to negative at Day 84 was 0.003, in favor of ALIS. A shorter time to first negative sputum culture was also observed with ALIS relative to placebo during the double-blind phase ($p=0.013$).

The microbiologic outcomes from the 112 study were also explored post hoc using a more stringent definition of culture conversion, which was defined as at least three consecutive monthly sputum samples that test negative for NTM, consistent with the

definition of culture conversion in the guidelines and in clinical practice. Twenty-three (23) patients achieved at least three consecutive negative monthly sputum samples by the 28-day follow-up assessment, of which four started to convert at baseline prior to administration of study drug. For the other 19 patients who achieved culture conversion, 17 achieved culture conversion after receiving ALIS (10 during the double-blind phase and seven after entering the open-label phase, of which six received ALIS for the first time in the open-label phase). Two patients achieved culture conversion while receiving placebo during the double-blind phase. The majority of patients who achieved culture conversion (three consecutive negative monthly sputum samples) during the double-blind phase continued to have negative cultures through the open-label and follow-up phases.

At the end of the double-blind phase, the ALIS group improved from baseline in mean distance walked in the six-minute walk test. At the end of the open-label phase, patients in the ALIS group continued to improve in the mean distance walked in the six-minute walk test, while the patients who previously received placebo in the double-blind phase and subsequently received ALIS in the open-label phase demonstrated a reduced rate of decline from baseline.

Approximately ninety (90) percent of patients in both treatment groups experienced at least one treatment-emergent adverse event, with most events either mild or moderate in severity. During the double-blind phase a greater percentage of patients treated with ALIS experienced, among others, dysphonia, bronchiectasis exacerbation, cough, oropharyngeal pain, fatigue, chest discomfort, wheezing, and infective pulmonary exacerbation of cystic fibrosis. No clinically relevant changes were detected in laboratory values and vital signs.

Further research and lifecycle management for ALIS

We are currently exploring and supporting research and lifecycle management programs for ALIS beyond refractory NTM lung infections caused by MAC. Specifically, we are evaluating future study strategies focusing on the MAC disease treatment pathway, including front-line treatment and monotherapy maintenance to prevent recurrence (defined as true relapse or reinfection) of NTM lung disease. If the data from the CONVERT study is sufficient to support our marketing authorization applications and regulatory bodies approve ALIS for the treatment of refractory NTM lung disease caused by MAC, such lifecycle management studies could enable us to reach more potential patients. These initiatives may include new clinical studies sponsored by us or investigator-initiated studies, which are clinical studies initiated and sponsored by physicians or research institutions with funding from us.

Japan — NTM lung disease market opportunity

We are currently exploring the NTM market opportunity for ALIS in Japan. If the data from the CONVERT study is sufficient to support our marketing authorization applications, and the FDA approves ALIS for the treatment of refractory NTM lung disease caused by MAC, we expect our second regulatory filing after the US to be in Japan. We plan to establish a presence in Japan in 2018 assuming positive data from the CONVERT study, including hiring local employees to closely manage our regulatory and pre-commercial footprint.

Under the Japanese regulatory system administered by the PMDA, pre-marketing approval and clinical studies are required for all pharmaceutical products. To obtain manufacturing/marketing approval, a Company must submit an application for approval to the Ministry of Health, Labour and Welfare (MHLW) with results of nonclinical and clinical studies to show the quality, efficacy and safety of a new product candidate. A data compliance review, on-site inspection for good clinical practice, audit and detailed data review for compliance with current good manufacturing practices are undertaken by the PMDA. The application is then discussed by the committees of the Pharmaceutical Affairs and Food Sanitation Council (PAFSC). Based on the results of these reviews, the final decision on approval is made by MHLW. In Japan, the National Health Insurance system maintains a Drug Price List specifying which pharmaceutical products are eligible for reimbursement, and the MHLW sets the prices of the products on this list. After receipt of marketing approval, negotiations regarding the reimbursement price with MHLW would begin. Price would be determined within 60 to 90 days unless the applicant disagrees, which may result in extended pricing negotiations. The government generally introduces price cut rounds every other year and also mandates price decreases for specific products. New products judged innovative or useful, that are indicated for pediatric use, or that target orphan or small population diseases, however, may be eligible for a pricing premium. The government has also promoted the use of generics, where available.

INS1007

INS1007 is a small molecule, oral, reversible inhibitor of DPP1, which we in-licensed from AstraZeneca in October 2016. DPP1 is an enzyme responsible for activating neutrophil serine proteases in neutrophils when they are formed in the bone marrow. Neutrophils are the most common type of white blood cell and play an essential role in pathogen destruction and inflammatory mediation. Neutrophils contain three neutrophil serine proteases, neutrophil elastase, proteinase 3, and cathepsin G, that have been implicated in a variety of inflammatory diseases. In chronic inflammatory lung diseases, neutrophils accumulate in the airways and release active neutrophil serine proteases in excess that cause lung destruction and inflammation. INS1007 may decrease the damaging effects of inflammatory diseases, such as non-CF bronchiectasis, by inhibiting DPP1 and its activation of neutrophil serine proteases.

Non-CF bronchiectasis is a rare, progressive pulmonary disorder in which the bronchi become permanently dilated due to chronic inflammation and infection. Currently, there is no cure, and we are not aware of any approved therapies for non-CF bronchiectasis.

The WILLOW study

We are in preparations for the WILLOW study, a global phase 2, randomized, double-blind, placebo-controlled, parallel group, multi-center clinical study to assess the efficacy, safety and tolerability, and pharmacokinetics of, INS1007 administered once daily for 24 weeks in subjects with non-CF bronchiectasis. Pending the IND becoming effective, we expect to commence enrollment in the study in the second half of 2017. In addition, we are evaluating the potential of INS1007 in other indications.

Phase 1 study results

In a phase 1 study of healthy volunteers conducted by AstraZeneca, INS1007 (previously AZD7986) was well tolerated and demonstrated inhibition of the activity of the neutrophil serine protease neutrophil elastase in a dose and concentration dependent manner. In preclinical studies, it was shown to reversibly inhibit DPP1 and the activation of neutrophil serine proteases within maturing neutrophils.

INS1009

INS1009 is an investigational sustained-release inhaled treprostinil prodrug nanoparticle formulation that has the potential to address certain of the current limitations of existing prostanoid therapies. We believe that INS1009 prolongs duration of effect and may provide PAH patients with greater consistency in pulmonary arterial pressure reduction over time. Current inhaled prostanoid therapies must be dosed four to nine times per day for the treatment of PAH. Reducing dose frequency has the potential to ease patient burden and improve compliance. Additionally, we believe that INS1009 may be associated with fewer side effects, including elevated heart rate, low blood pressure, and severity and/or frequency of cough, associated with high initial drug levels and local upper airway exposure when using current inhaled prostanoid therapies. We believe INS1009 may offer a differentiated product profile for rare pulmonary disorders, including PAH, and we are currently evaluating our options to advance its development.

Phase 1 study results

In late 2014, we had a pre-IND meeting with the FDA for INS1009 and clarified that, subject to final review of the preclinical data, INS1009 could be eligible for an approval pathway under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act (FDCA) (505(b)(2) approval). Like a traditional NDA that is submitted under Section 505(b)(1) of the FDCA, a 505(b)(2) NDA must establish that the drug is safe and effective, but unlike a traditional NDA, the applicant may rely at least in part on studies not conducted by or for the applicant and for which the applicant does not have a right of reference. The ability to rely on existing third-party data to support safety and/or effectiveness can reduce the time and cost associated with traditional NDAs.

We have completed a phase 1 study of INS1009. The phase 1 study was a randomized, double-blind, placebo-controlled single ascending dose study of INS1009 for inhalation to determine its safety, tolerability, and pharmacokinetics in healthy volunteers. Twenty-four (24) patients were enrolled and received INS1009 with cohorts of eight patients receiving doses of 85 micrograms (mcg), 170 mcg, 340 mcg or placebo. Participants in the first cohort (8 patients) received a single dose of open label treprostinil (Tyvaso) at 54 mcg 24 hours prior to receiving INS1009 at 85 mcg. The 85 mcg dose of INS1009 provides an equivalent amount of treprostinil on a molar basis as the 54 mcg dose of Tyvaso. The peak serum concentration was approximately 90% lower for treprostinil after INS1009 administration compared with Tyvaso, which could indicate a reduced future adverse event (AE) profile. The pharmacokinetic characteristics also supported once- or twice-daily dosing. The longer half-life of treprostinil for INS1009 was likely due to a sustained pulmonary release. The AE profile was consistent with other inhaled prostanoids. These data were presented at the European Respiratory Society international congress in September 2016.

KEY COMPONENTS OF OUR STATEMENT OF OPERATIONS

Research and Development (R&D) Expenses

R&D expenses consist of salaries, benefits and other related costs, including stock-based compensation, for personnel serving in our research and development functions. Expenses also include other internal operating expenses, the cost of manufacturing our drug candidate(s) for clinical study, the cost of conducting clinical studies, and the cost of conducting preclinical and research activities. In addition, our R&D expenses include payments to third parties for the license rights to products in development (prior to marketing approval), such as for INS1007. Our expenses related to manufacturing our drug candidate(s) for clinical study are primarily related to activities at contract manufacturing organizations (CMOs) that manufacture our product candidates for our use, including purchases of active pharmaceutical ingredients. Our expenses related to clinical trials are primarily related to activities at contract research organizations that conduct and manage clinical trials on our behalf.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, benefits and other related costs, including stock-based compensation, for our non-management directors and personnel serving in our executive, finance and accounting, legal, pre-commercial, corporate development, information technology, program management and human resource functions. General and administrative expenses also include professional fees for legal services, including fees incurred in connection with the securities litigation filed against us and patent-related expenses, consulting services including for pre-commercial planning activities such as non-branded disease awareness, insurance, board of director fees, tax and accounting services.

Investment Income and Interest Expense

Investment income consists of interest and dividend income earned on our cash and cash equivalents. Interest expense consists primarily of interest costs and amortization of debt issuance costs related to our debt obligations. Debt issuance costs are amortized to interest expense using the effective interest rate method over the term of the debt. Our balance sheet reflects debt, net of debt issuance costs paid to the lender and other third party costs. Unamortized debt issuance costs associated with extinguished debt are expensed in the period of the extinguishment .

RESULTS OF OPERATIONS

Comparison of the Three Months Ended June 30, 2017 and 2016

Net Loss

Net loss for the quarter ended June 30, 2017 was $44.7 million, or ($0.72) per common share—basic and diluted, compared with a net loss of $36.6 million, or ($0.59) per common share—basic and diluted, for the quarter ended June 30, 2016. The $8.1 million increase in our net loss for the quarter ended June 30, 2017 as compared to the same period in 2016 was due to:

- Increased R&D expenses of $3.0 million primarily resulting from an increase in expenses related to INS1007 and higher compensation and related expenses due to an increase in headcount as compared to the prior year period. These increases were partially offset by decreases in ALIS manufacturing-related expenses at our CMOs as compared to the prior year period; and

- Increased general and administrative expenses of $4.4 million resulting from an increase in consulting fees relating to pre-commercial planning activities and higher compensation and related expenses due to an increase in headcount as compared to the prior year period.

In addition, there was a $0.9 million increase in interest expense resulting from the increase in our debt in the second half of 2016.

R&D Expenses

R&D expenses for the quarters ended June 30, 2017 and 2016 were comprised of the following (in thousands):

	Quarters Ended June 30,		Increase (decrease)	
	2017	2016	$	%
External Expenses				
Clinical development & research	$ 9,832	$ 8,432	$ 1,400	16.6%
Manufacturing	4,862	5,812	(950)	-16.3%
Regulatory and quality assurance	928	731	197	26.9%
Subtotal—external expenses	$ 15,622	$ 14,975	$ 647	4.3%
Internal Expenses				

	Quarters Ended June 30,		Increase (decrease)	
	2017	2016	$	%
Compensation and related expenses	$ 8,047	$ 6,825	$ 1,222	17.9%
Other internal operating expenses	3,202	2,071	1,131	54.6%
Subtotal—internal expenses	$ 11,249	$ 8,896	$ 2,353	26.5%
Total	$ 26,871	$ 23,871	$ 3,000	12.6%

R&D expenses increased to $26.9 million during the quarter ended June 30, 2017 from $23.9 million in the same period in 2016. The $3.0 million increase was primarily due to an increase of $1.4 million in external clinical development expenses, specifically $2.4 million of start-up phase 2 clinical trial expenses related to INS1007, partially offset by a decrease in research expenses and ALIS clinical trial expenses. In addition, compensation and related expenses increased by $1.2 million due to an increase in headcount. These increases were partially offset by a $1.0 million decrease in manufacturing expenses. The $1.0 million decrease in manufacturing expenses included a $2.2 million decrease in ALIS manufacturing-related expenses at our CMOs as compared to the prior year period, partially offset by purchases of $1.2 million of clinical materials related to INS1007 in the second quarter of 2017. In addition, medical grants and sponsorships increased by $1.1 million in the quarter ended June 30, 2017 as compared to the prior year period.

General and Administrative Expenses

General and administrative expenses for the quarter ended June 30, 2017 and 2016 were comprised of the following (in thousands):

	Quarters Ended June 30,		Increase (decrease)	
	2017	2016	$	%
General & administrative	$ 9,355	$ 8,667	$ 688	7.9%
Pre-commercial expenses	7,289	3,595	3,694	102.8%
Total general & administrative expenses	$ 16,644	$ 12,262	$ 4,382	35.7%

General and administrative expenses increased to $16.6 million during the quarter ended June 30, 2017 from $12.3 million in the same period in 2016. The $4.4 million increase was primarily due to an increase of $3.1 million in consulting fees relating to pre-commercial planning activities, including non-branded disease awareness, and other professional fees and an increase of $1.2 million due to higher compensation costs related to an increase in headcount.

Interest Expense

Interest expense was $1.5 million for the quarter ended June 30, 2017 as compared to $0.6 million in the same period in 2016. The $0.9 million increase in interest expense in the quarter ended June 30, 2017 as compared to the prior year quarter relates to an increase in borrowings from Hercules Capital, Inc. (Hercules) during the second half of 2016. We entered into an Amended and Restated Loan Agreement (A&R Loan Agreement) with Hercules in September 2016 which increased our borrowing capacity by an additional $30.0 million to an aggregate total of $55.0 million, and we used this increased borrowing capacity to fund the upfront payment to AstraZeneca for the exclusive global rights to INS1007 in October 2016 .

Comparison of the Six Months Ended June 30, 2017 and 2016

Net Loss

Net loss for the six months ended June 30, 2017 was $82.1 million, or ($1.32) per common share—basic and diluted, compared with a net loss of $70.1 million, or ($1.13) per common share—basic and diluted, for the six months ended June 30, 2016. The $12.0 million increase in our net loss for the six months ended June 30, 2017 as compared to the same period in 2016 was primarily due to:

- Increased R&D expenses of $4.7 million primarily resulting from an increase in expenses related to INS1007 and higher compensation and related expenses due to an increase in headcount as compared to the prior year period. These increases were partially offset by decreases in ALIS manufacturing expenses at our CMOs as compared to the prior year period; and

- Increased general and administrative expenses of $5.6 million primarily resulting from an increase in pre-commercial planning activities and higher compensation and related expenses due to an increase in headcount as compared to the prior year period.

In addition, there was a $1.7 million increase in interest expense resulting from the increase in our debt in the second half of 2016.

R & D Expenses

R&D expenses for the six months ended June 30, 2017 and 2016 were comprised of the following (in thousands):

	Six Months Ended June 30,		Increase (decrease)	
	2017	2016	$	%
External Expenses				
Clinical development & research	$ 18,307	$ 16,638	$ 1,669	10.0%
Manufacturing	7,606	9,276	(1,670)	-18.0%
Regulatory and quality assurance	1,896	965	931	96.5%
Subtotal—external expenses	$ 27,809	$ 26,879	$ 930	3.5%
Internal Expenses				
Compensation and related expenses	$ 15,698	$ 13,377	$ 2,321	17.4%
Other internal operating expenses	5,618	4,162	1,456	35.0%
Subtotal—internal expenses	$ 21,316	$ 17,539	$ 3,777	21.5%
Total	$ 49,125	$ 44,418	$ 4,707	10.6%

R&D expenses increased to $49.1 million during the six months ended June 30, 2017 from $44.4 million in the same period in 2016. The $4.7 million increase was due to a $1.7 million increase in external clinical development expenses, specifically $3.0 million of start-up phase 2 clinical trial expenses related to INS1007, which was partially offset by a decrease in research expenses. In addition, compensation and related expenses increased by $2.3 million due to an increase in headcount. These increases were partially offset by a $1.7 million decrease in manufacturing expenses. The $1.7 million decrease in manufacturing expenses included a $2.9 million decrease in ALIS manufacturing-related expenses at our CMOs as compared to the prior year period, partially offset by purchases of $1.2 million of clinical materials related to INS1007 in the second quarter of 2017. In addition, medical grants and sponsorships increased by $1.5 million in the six months ended June 30, 2017 as compared to the prior year period.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2017 and 2016 were comprised of the following (in thousands):

	Six Months Ended June 30,		Increase (decrease)	
	2017	2016	$	%
General & administrative	$ 18,009	$ 17,692	$ 317	1.8%
Pre-commercial expenses	12,350	7,090	5,260	74.2%
Total general & administrative expenses	$ 30,359	$ 24,782	$ 5,577	22.5%

General and administrative expenses increased to $30.4 million during the six months ended June 30, 2017 from $24.8 million in the same period in 2016. The $5.6 million increase was primarily due to an increase of $3.9 million in consulting fees relating to pre-commercial planning activities , including non-branded disease awareness, and other professional fees and an increase of $1.7 million due to higher compensation expenses related to an increase in headcount.

Interest Expense

Interest expense was $3.0 million during the six months ended June 30, 2017 as compared to $1.2 million in the same period in 2016. This increase in interest expense relates primarily to the increase in our borrowings from Hercules in the second half of 2016.

LIQUIDITY AND CAPITAL RESOURCES

Overview

There is considerable time and cost associated with developing a potential drug or pharmaceutical product to the point of regulatory approval and commercialization. We had $91.1 million in cash and cash equivalents as of June 30, 2017 and reported a net loss of $82.1 million for the six months ended June 30, 2017. Historically we have funded our operations through public offerings of equity securities and debt financings. To date, we have not generated material revenue from ALIS. We do not expect to generate revenue unless or until marketing approval is received for ALIS. Accordingly, we expect to continue to incur losses while funding R&D activities, regulatory submissions, potential commercial launch activities and general and administrative expenses. We expect our future cash requirements to be substantial, and we will need to raise additional capital to fund operations, to develop and

commercialize ALIS, to develop INS1007 and INS1009 and to develop, acquire, in-license or co-promote other products that address orphan or rare diseases.

If we are unable to obtain sufficient additional capital, we believe we currently have sufficient funds to meet our financial needs for at least the next 12 months, if we make significant reductions in spending. We will seek additional capital within the next 12 months and may do so through equity or debt financing(s), strategic transactions or otherwise. The source, timing and availability of any future financing or other transaction will depend principally upon continued progress in our regulatory, development and pre-commercial activities. Any equity or debt financing(s) will also be contingent upon equity and debt market conditions and interest rates at the time. We cannot assure you that adequate capital will be available on favorable terms, or at all, when needed. If we are unable to obtain sufficient additional funds when required, we will be forced to delay, restrict or eliminate all or a portion of our R&D programs, pre-commercialization activities, or dispose of assets or technology. The source, timing and availability of any future financing or other transaction will depend on and will likely be affected by a number of factors, including:

- the results of the CONVERT study and timing of the readout of the CONVERT study results;
- the timing and cost of our current and anticipated clinical trials of ALIS for the treatment of patients with NTM lung infections;
- the decisions of the FDA, PMDA and EMA with respect to our potential applications for marketing approval of ALIS in the US, Japan and Europe, respectively; the costs of activities related to the regulatory approval process; and the timing of approvals, if received;
- the costs associated with commercializing ALIS, if we receive marketing approvals; including the costs of establishing the sales and marketing capabilities to be prepared for potential commercial launches of ALIS, if approved;
- the cost of filing, prosecuting, defending, and enforcing patent claims;
- the timing and cost of our anticipated clinical trials, including INS1007 and the related milestone payments due to AstraZeneca;
- the costs of our manufacturing-related activities; and
- subject to receipt of marketing approval, the levels, timing and collection of revenue received from sales of approved products, if any, in the future.

Cash Flows

As of June 30, 2017, we had total cash and cash equivalents of $91.1 million, as compared with $162.6 million as of December 31, 2016. The $71.5 million decrease was due primarily to the use of cash in operating activities. Our working capital was $70.3 million as of June 30, 2017 as compared with $140.4 million as of December 31, 2016.

Net cash used in operating activities was $73.2 million and $57.8 million for the six months ended June 30, 2017 and 2016, respectively. The net cash used in operating activities during the six months ended June 30, 2017 and 2016, respectively, was primarily for the clinical, manufacturing and pre-commercial activities related to ALIS, as well as general and administrative expenses. In addition, the six months ended June 30, 2017 includes start-up clinical trial expenses related to INS1007.

Net cash used in investing activities was $0.9 million and $2.1 million for the six months ended June 30, 2017 and 2016, respectively. The net cash used in investing activities was primarily related to payments for the build out of our headquarters and lab facilities in Bridgewater, New Jersey.

Net cash provided by financing activities was $2.4 million and $0.1 million for the six months ended June 30, 2017 and 2016, respectively. Net cash provided by financing activities was cash proceeds received from stock option exercises.

Contractual Obligations

There were no material changes outside of the ordinary course of business in our contractual obligations during the quarter or six months ended June 30, 2017 from those disclosed in Item 7, “Management’s Discussion and Analysis of Financial Condition and

Results of Operations-Liquidity and Capital Resources - Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2016.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, other than operating leases, that have or are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We do not have any interest in special purpose entities, structured finance entities or other variable interest entities .

CRITICAL ACCOUNTING POLICIES

There have been no material changes to our critical accounting policies as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016. For the required interim updates of our accounting policies, see Note 2 to our Consolidated Financial Statements — "Summary of Significant Accounting Policies" in this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2017, our cash and cash equivalents were in cash accounts or were invested in money market funds. Such accounts or investments are not insured by the federal government.

As of June 30, 2017, we had $55.0 million of borrowings outstanding that currently bear interest at 9.25% under the A&R Loan Agreement with Hercules. If a 10% change in interest rates had occurred on June 30, 2017, this change would not have had a material effect on the fair value of our debt as of that date, nor would it have had a material effect on our future earnings or cash flows.

The majority of our business is conducted in US dollars. However, we do conduct certain transactions in other currencies, including Euros, British Pounds, and Japanese Yen. Historically, fluctuations in foreign currency exchange rates have not materially affected our results of operations and during the three and six months ended June 30, 2017 and 2016, our results of operations were not materially affected by fluctuations in foreign currency exchange rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the periodic reports that we file or submit with the SEC is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation as of June 30, 2017, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 9 to our Consolidated Financial Statements — "Commitments and Contingencies — Legal Proceedings" in this Quarterly Report on Form 10-Q for a description of our material legal proceedings. From time to time, we are also party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes during the quarter ended June 30, 2017 to our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of the Company's equity securities during the quarter ended June 30, 2017.

ITEM 6. EXHIBITS

A list of exhibits to this Quarterly Report on Form 10-Q is included in the Exhibit Index, which is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INSMED INCORPORATED

Date: August 3, 2017

By /s/ Paolo Tombesi
Paolo Tombesi
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

3.1	Articles of Incorporation of Insmed Incorporated, as amended through June 14, 2012 (incorporated by reference from Exhibit 3.1 to Insmed Incorporated's Annual Report on Form 10-K filed on March 18, 2013).
3.2	Amended and Restated Bylaws of Insmed Incorporated (incorporated by reference from Exhibit 3.1 to Insmed Incorporated's Quarterly Report on Form 10-Q filed on August 6, 2015).
10.1	Employment Agreement, effective as of June 1, 2017, between Insmed Incorporated and Paolo Tombesi.
10.2	Employment Agreement, effective as of June 5, 2017, between Insmed Incorporated and Paul D. Streck.
10.3	Insmed Incorporated 2017 Incentive Plan.
10.4	Form of Restricted Unit Award Agreement under the Insmed Incorporated 2017 Incentive Plan.
10.5	Form of Non-Qualified Stock Option Agreement under the Insmed Incorporated 2017 Incentive Plan.
10.6	Form of Non-Qualified Stock Option Inducement Award Agreement.
31.1	Certification of William H. Lewis, Chief Executive Officer of Insmed Incorporated, pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Paolo Tombesi, Chief Financial Officer (Principal Financial and Accounting Officer) of Insmed Incorporated, pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	Certification of William H. Lewis, Chief Executive Officer of Insmed Incorporated, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2	Certification of Paolo Tombesi (Principal Financial and Accounting Officer) of Insmed Incorporated, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
101	The following materials from Insmed Incorporated's quarterly report on Form 10-Q for the quarter ended June 30, 2017 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016, (ii) Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2017 and 2016, (iii) Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016, and (iv) Notes to the Unaudited Consolidated Financial Statements.

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is effective on the Commencement Date (as defined below), by and between Insmed Incorporated, a Virginia corporation (the "Company"), and Paolo Tombesi (hereinafter, the "Executive"). When referring to the Executive, the term "he" or "she" throughout this Agreement is intended to be gender neutral.

WITNESSETH:

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company on the terms herein described.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and the Executive hereby agree as follows:

1. ***Definitions*** . When used in this Agreement, the following terms shall have the following meanings:

a. " ***Accrued Obligations*** " means:

(i) all accrued but unpaid Base Salary through the end of the Term of Employment;

(ii) any unpaid or unreimbursed expenses incurred in accordance with Company policy, including amounts due under Section 5(a) hereof, to the extent incurred during the Term of Employment;

(iii) any accrued but unpaid benefits provided under the Company's employee benefit plans, subject to and in accordance with the terms of those plans;

(iv) rights to indemnification by virtue of the Executive's position as an officer or director of the Company or its subsidiaries and the benefits under any directors' and officers' liability insurance policy maintained by the Company, in accordance with its terms thereof; and

b. " ***Base Salary"*** means the salary provided for in Section 4(a) hereof or any increased salary granted to Executive pursuant to Section 4(a) hereof.

c. " ***Beneficial Ownership*** " shall have the meaning ascribed to such term in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

d. " ***Board*** " means the Board of Directors of the Company.

e. " ***Bonus*** " means any bonus payable to the Executive pursuant to Section 4(b) hereof.

f. " ***Cause*** " means:

(i) a conviction of the Executive, or a plea of nolo contendere, to a felony involving moral turpitude; or

(ii) willful misconduct or gross negligence by the Executive resulting, in either case, in material economic harm to the Company or any Related Entities; or

(iii) a willful failure by the Executive to carry out the reasonable and lawful directions of the Board and failure by the Executive to remedy the failure within thirty (30) days after receipt of written notice of same from the Board; or

(iv) fraud, embezzlement, theft or dishonesty of a material nature by the Executive against the Company or any Related Entity, or a willful material violation by the Executive of a policy or procedure of the Company or any Related Entity, resulting, in any case, in material economic harm to the Company or any Related Entity; or

(v) a willful material breach by the Executive of this Agreement and failure by the Executive to remedy the material breach within 30 days after receipt of written notice of same from the Board.

g. " ***Change in Control*** " means:

(i) The acquisition by any Person of Beneficial Ownership of at least 40% of either (A) the value of the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this definition, the following acquisitions shall not constitute or result in a Change of Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any person that as of the Commencement Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary of the Company; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two consecutive years (not including any period prior to the Commencement Date) individuals who constitute the Board on the Commencement Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Commencement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the Persons who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the " **Acquiring Corporation** ") in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding the Acquiring Corporation or any employee benefit plan (or related trust) of the Company or such Acquiring Corporation) beneficially owns, directly or indirectly, more than 40% of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, no event or transaction will constitute a Change in Control hereunder unless it also constitutes a "change in control event" under Section 409A of the Code.

h. " ***COBRA*** " means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time.

i. " ***Code*** " means the Internal Revenue Code of 1986, as amended.

j. " ***Commencement Date*** " shall be the date on which Executive commences employment with the Company which is anticipated to be on or about June 1, 2017.

k. " ***Competitive Activity*** " means (i) the discovery, design, development, distribution, marketing or sale of inhalation therapies for rare lung diseases and/or disorders, or (ii) any other activity in competition with the material activities of the Company or any of its Related Entities, in either case in any of the States within the United States, or countries within the world, in which the Company or any of its Related Entities conducts business. For this purpose, the activities of the Company and its Related Entities, and where the Company and its Relates

Entities do business, will be determined as of the earlier of the date of the application of this definition or the Termination Date.

l. " ***Confidential Information*** " means all trade secrets and information disclosed to the Executive or known by the Executive as a consequence of or through the unique position of his employment with the Company or any Related Entity (including information conceived, originated, discovered or developed by the Executive and information acquired by the Company or any Related Entity from others) prior to or after the date hereof, and not generally or publicly known (other than as a result of unauthorized disclosure by the Executive), about the Company or any Related Entity or its business. Confidential Information includes, but is not limited to, inventions, ideas, designs, computer programs, circuits, schematics, formulas, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, methods of manufacturing, know-how, data, financial information and forecasts, product plans, marketing plans and strategies, price lists, customer lists and contractual obligations and terms thereof, data, documentation and other information, in whatever form disclosed, relating to the Company or any Related Entity, including, but not limited to, financial statements, financial projections, business plans, listings and contractual obligations and terms thereof, components of intellectual property, unique designs, methods of manufacturing or other technology of the Company or any Related Entity.

m. " ***Disability*** " means the Executive's inability, or failure, to perform the essential functions of his position, with or without reasonable accommodation, for any period of six months or more in any 12 month period, by reason of any medically determinable physical or mental impairment.

n. ***"Equity Awards*** " means any stock options, restricted stock, restricted stock units, stock appreciation rights, phantom stock or other equity based awards granted by the Company to the Executive.

o. " ***Excise Tax*** " means any excise tax imposed by Section 4999 of the Code, together with any interest and penalties imposed with respect thereto, or any interest or penalties that are incurred by the Executive with respect to any such excise tax.

p. " ***Good Reason*** " means the occurrence of any of the following: (i) a material diminution in the Executive's base compensation (consisting of his base salary and pro-rata bonus opportunity as set forth in Section 4 below); (ii) a material diminution in the Executive's title, authority, duties, or responsibilities; (iii) a material diminution in the title, authority, duties, or responsibilities of the supervisor to whom the Executive is required to report; (iv) the Company's or Related Entity's requiring the Executive to be based at any office or location outside of 50 miles from the location of employment or service as of the effective date of this Agreement, except for travel reasonably required in the performance of the Executive's responsibilities; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement. For purposes of this Agreement, Good Reason shall not be deemed to exist unless the Executive's termination of employment for Good Reason occurs within six months following the initial existence of one of the conditions specified in clauses (i) through (v) above, the Executive provides the Company with written notice of the existence of such condition within 90 days after the initial

existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice.

q. " ***Group*** " shall have the meaning ascribed to such term in Section 13(d) of the Securities Exchange Act of 1934.

r. " ***Person*** " shall have the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act of 1934 and used in Sections 13(d) and 14(d) thereof.

s. ***"Pro-Rata Bonus"*** means the Bonus that (but for the cessation of the Executive's employment) would otherwise have been payable to the Executive for the fiscal year in which the Termination Date occurs (based on actual performance outcomes for that year), multiplied by the following fraction: (i) the number of days that the Executive was employed by the Company during that fiscal year, divided by (ii) 365. For this purpose, the Bonus that would otherwise have been payable to the Executive shall be determined in good faith and in the same manner applicable to active named executive officers of the Company.

t. " ***Related Entity*** " means any Person controlling, controlled by or under common control with the Company or any of its subsidiaries. For this purpose, the terms controlling," "controlled by" and "under common control with" mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including (without limitation) the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

u. " ***Restricted Period*** " shall be the Term of Employment and the one year period immediately following termination of the Term of Employment.

v. " ***Severance Amount*** " shall mean an amount equal to the Executive's annual Base Salary, as in effect immediately prior to the Termination Date.

w. " ***Severance Term*** " means the twelve month period following the date on which the Term of Employment ends.

x. " ***Target Bonus*** " has the meaning described in Section 4(b).

y. " ***Term of Employment*** " means the period during which the Executive shall be employed by the Company pursuant to the terms of this Agreement, which period shall begin on the Commencement Date and continue until terminated in accordance with Section 6 hereof.

z. " ***Termination Date*** " means the date on which the Term of Employment ends.

2. ***Employment*** . The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company during the Term of Employment on the terms and conditions set forth herein.

3. ***Duties of Executive*** . During the Term of Employment, the Executive shall be employed and serve as the Chief Financial Officer, and shall have such duties typically associated with such title, including, without limitation, leading the finance and technical operations organizations and playing a key management and leadership role for Insmed. The Executive shall faithfully and diligently perform all services consistent with his position as may be assigned to him by Executive Management or the Board in their reasonable and lawful discretion. The Executive shall devote his full business time, attention and efforts to the performance of his duties under this Agreement, render such services to the best of his ability, and use his reasonable best efforts to promote the interests of the Company. The Executive shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (i) conflicts with the interests of the Company or its subsidiaries, (ii) interferes with the proper and efficient performance of his duties for the Company, or (iii) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing or any other provision of this Agreement, it shall not be a breach or violation of this Agreement for the Executive to (w) serve on up to two outside corporate or scientific advisory boards with prior notice to, and approval by, the Board, (x) serve on civic or charitable boards or committees, (y) deliver lectures, fulfill speaking engagements or teach at educational institutions, or (z) manage personal investments, so long as such activities do not constitute a Competitive Activity or significantly interfere with or significantly detract from the performance of the Executive's responsibilities to the Company in accordance with this Agreement.

4. ***Compensation*** .

a. ***Base Salary*** . The Executive shall receive a Base Salary at the annual rate of $435,000 during the Term of Employment, with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. The Base Salary shall be reviewed, at least annually, for merit increases and may, by action and in the discretion of the Board, be increased at any time or from time to time, but may not be decreased from the then current Base Salary.

Bonuses . Commencing in 2017, the Executive shall participate in the Company's annual incentive compensation plan, program and/or arrangements applicable to senior-level executives, as established and modified from time to time by the Compensation Committee of the Board in its sole discretion. During the Term of Employment, the Executive shall have a target bonus opportunity under such plan or program equal to 40% of his current Base Salary, (the "Target Bonus"), based on satisfaction of performance criteria to be established by the Compensation Committee of the Board within the first three months of each fiscal year that begins during the Term of Employment. Payment of annual incentive compensation awards shall be made in the same manner and at the same time that other senior-level executives receive their annual incentive compensation awards and, except as otherwise provided herein, will be subject to the Executive's continued employment through the applicable payment date. In addition, upon the completion of 30 days employment the executive will be eligible to receive a $40,000 sign-on bonus. All sign-on bonuses are subject to the appropriate payroll taxes. Should the Executive resign without Good Reason within twelve (12) of the Commencement date, after the entire $40,000 has been paid in full, the Executive shall be responsible to reimburse the Company for the full amount of the sign-on bonus and the Company may, without limiting any other rights or

remedies it may have, offset such amount against any amounts owed to you, to the extent permitted by law.

5. ***Expense Reimbursement and Other Benefits*** .

a. ***Reimbursement of Expenses*** . Upon the submission of proper substantiation by the Executive, and subject to such rules and guidelines as the Company may from time to time adopt with respect to the reimbursement of expenses of executive personnel, the Company shall reimburse the Executive for all reasonable expenses actually paid or incurred by the Executive during the Term of Employment in the course of and pursuant to the business of the Company. The Executive shall account to the Company in writing for all expenses for which reimbursement is sought and shall supply to the Company copies of all relevant invoices, receipts or other evidence reasonably requested by the Company. In addition, the Company shall reimburse the Executive for (or directly pay) reasonable attorneys' fees incurred by the Executive in the negotiation and drafting of this Agreement, up to a maximum of $5,000.

b. ***Compensation/Benefit Programs*** . During the Term of Employment, the Executive shall be entitled to participate in all medical, dental, hospitalization, accidental death and dismemberment, disability, travel and life insurance plans, and any and all other plans as are from time to time offered by the Company to its executive personnel, including savings, pension, profit-sharing and deferred compensation plans, subject to the general eligibility and participation provisions set forth in such plans. The organization will also secure on the Executive's behalf, a medical plan that provides the ability to receive medical benefits and coverage on an international basis. Cost sharing for the plan will be the same as for the other medical plans provided to employees.

c. ***Working Facilities*** . During the Term of Employment, the Company shall furnish the Executive with an office, administrative help and such other facilities similar to those provided to similarly situated executives of the Company. The Executive's principal place of employment (subject to reasonable travel) shall be Bridgewater, NJ..

d. ***Stock Options*** . As a material inducement to entering into this Agreement, you will receive an option to purchase a number of common shares equivalent to the value of $1,300,000. The exact number of options will be determined using a Black-Scholes calculation based upon the closing price at the end of the day on the Commencement Date. The exercise price per share will be equal to the fair market value per share also as determined based upon the closing price at the end of the day on the Commencement Date. The options will vest at the rate of twenty-five percent (25%) on the first anniversary of the date of the grant and an additional twelve and half (12.5%) percent on each sixth month anniversary thereafter so that the entire grant will be fully vested on the fourth anniversary of the date of grant. The terms and conditions of the options will be consistent with the Company's standard stock option agreement and stock incentive plan to be provided to you.

e. ***Vacation*** . The Executive shall be entitled to take vacation time as per our Professional Judgment Vacation Policy. This policy provides the Executive the ability, with

advanced approval from his manager, to take vacation days as and when appropriate throughout the calendar year.

6. ***Termination*** .

a. ***General*** . The Term of Employment shall terminate upon the earliest to occur of (i) the Executive's death, (ii) a termination by the Company by reason of the Executive's Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, the Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company or any of its Related Entities.

b. ***Termination By Company for Cause.*** The Company shall at all times have the right, upon written notice to the Executive, to terminate the Term of Employment, for Cause. In no event shall a termination of the Executive's employment for Cause occur unless the Company gives written notice to the Executive in accordance with this Agreement stating with reasonable specificity the events or actions that constitute Cause and providing the Executive with an opportunity to cure (if curable) within a reasonable period of time, but not less than a period of 10 days. Cause shall in no event be deemed to exist except upon a decision made by the Board, at a meeting, duly called and noticed, to which the Executive (and the Executive's counsel) shall be invited upon proper notice and shall be permitted to present evidence. In the event that the Term of Employment is terminated by the Company for Cause, Executive shall be entitled only to the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended. Nothing in this paragraph shall be construed as a release of any claims against the Company and the Board's determination of cause shall not be considered a waiver of any claims the Executive may have.

c. ***Disability*** . The Company shall have the option, in accordance with applicable law, to terminate the Term of Employment upon written notice to the Executive, at any time during which the Executive is suffering from a Disability. In the event that the Term of Employment is terminated due to the Executive's Disability, the Executive shall be entitled to (i) the Accrued Obligations, payable as and when those amounts would have been paid had the Term of Employment not ended, (ii) the Pro-Rata Bonus, payable within 2 ½ months following the end of the fiscal year in which the Termination Date occurs, (iii) any earned but unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the Termination Date, payable within 2 ½ months following the last day of the month in which the Termination Date occurs, and (iv) any insurance benefits to which he and his beneficiaries are entitled as a result of his Disability.

d. ***Death*** . In the event that the Term of Employment is terminated due to the Executive's death, the Executive's estate shall be entitled to (i) the Accrued Obligations, payable as and when those amounts would have been paid had the Term of Employment not ended, (ii) the Pro-Rata Bonus, payable within 2 ½ months following the end of the fiscal year in which the Termination Date occurs, (iii) any earned but unpaid Bonus in respect to any completed fiscal year

that has ended on or prior to the Termination Date, payable within 2 ½ months following the last day of the month in which the Termination Date occurs, and (iv) any insurance benefits to which he and his beneficiaries are entitled as a result of his death.

e. ***Termination Without Cause or Resignation With Good Reason*** . The Company may terminate the Term of Employment without Cause, and the Executive may terminate the Term of Employment for Good Reason, at any time upon written notice. If the Term of Employment is terminated by the Company without Cause (other than due to the Executive's death or Disability) or by the Executive for Good Reason, in either case prior to the date of a Change in Control or more than one year after a Change in Control, the Executive shall be entitled to the following:

(i) The Accrued Obligations, payable as and when those amounts would have been paid had the Term of Employment not ended;

(ii) Any unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the Termination Date, payable within 2 ½ months following the last day of the month in which the Termination Date occurs;

(iii) The Pro-Rata Bonus, payable within 2 ½ months following the end of the fiscal year in which the Termination Date occurs;

(iv) The Severance Amount, payable in equal installments consistent with the Company's normal payroll schedule over the 12 month period beginning with the first regularly scheduled payroll date that occurs more than 30 days following the Termination Date;

(v) Provided that the Executive timely elects continued coverage under COBRA, the Company will reimburse the Executive for the monthly COBRA cost of continued health and dental coverage of the Executive and his qualified beneficiaries paid by the Executive under the health and dental plans of the Company, less the amount that the Executive would be required to contribute for health and dental coverage if the Executive were an active employee of the Company, for 12 months (or, if less, for the duration that such COBRA coverage is available to Executive); and

(vi) Accelerated vesting, as of the Termination Date, of any stock options that would have otherwise vested within six months following the Termination Date.

f. ***Termination by Executive Without Good Reason*** . The Executive may terminate his employment without Good Reason by providing the Company 30 days' written notice of such termination. In the event of a termination of employment by the Executive under this Section 6(f), the Executive shall be entitled only to the Accrued Obligations payable as and when those amounts would have been payable had the Term of Employment not ended. In the event of termination of the Executive's employment under this Section 6(f), the Company may, in its sole and absolute discretion, by written notice, accelerate such date of termination and still have it treated as a termination without Good Reason.

g. ***Change in Control of the Company*** . If the Executive's employment is terminated by the Company (or any entity to which the obligations and benefits under this

Agreement have been assigned, pursuant to Section (11) without Cause or by the Executive for Good Reason during the one year period immediately following the Change in Control, then the Executive shall be entitled to the same payments, rights and benefits described in Section 6(e), subject to the following enhancements:

(i) The Severance Amount will be paid in a lump-sum on the first regularly scheduled payroll date that occurs more than 30 days following the Termination Date (rather than in installments over 12 months);

(ii) Provided that the Executive timely elects continued coverage under COBRA, the Company will reimburse the Executive for the monthly COBRA cost of continued health and dental coverage of the Executive and his qualified beneficiaries paid by the Executive under the health and dental plans of the Company, less the amount that the Executive would be required to contribute for health and dental coverage if the Executive were an active employee of the Company, for 12 months (or, if less, for the duration that such COBRA coverage is available to Executive); and

(iii) All time-vested Equity Awards will vest in full.

h. ***Release*** . All rights, payments and benefits due to the Executive under this Article 6 (other than the Accrued Obligations) shall be conditioned on the Executive's execution of a general release of claims against the Company and its affiliates substantially in the form attached hereto as Exhibit A (the "Release") and on that Release becoming effective and irrevocable within 30 days following the Termination Date.

i. ***Section 280G Certain Reductions of Payments by the Company*** .

(i) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Executive pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value that avoids any Payment being nondeductible by the Company because of Section 280G of the Code. To the extent necessary to avoid imposition of the Excise Tax, the amounts payable or benefits to be provided to the Executive shall be reduced such that the reduction of compensation to be provided to the Executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero). Anything to the contrary notwithstanding, if the Reduced Amount is zero and it is determined further that any Payment which is not an Agreement Payment would nevertheless be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of Payments which are not Agreement Payments shall also be reduced (but not below zero) to an amount expressed in present value which maximizes the aggregate

present value of Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. If a reduction of any Payment is required pursuant to this Section 6(i), such reduction shall occur to the amounts in the order that results in the greatest economic present value of all payments and benefits actually made or provided to the Executive. For purposes of this Section 6(i), present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ii) All determinations required to be made under this Section 6(i) shall be made by a tax or compensation consulting firm of national reputation selected by the Company (the "Consulting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 20 business days of the date of termination or such earlier time as is requested by the Company and an opinion to the Executive that he has substantial authority not to report any excise tax on his Federal income tax return with respect to any Payments. Any such determination by the Consulting Firm shall be binding upon the Company and the Executive. Within five business days thereafter, the Company shall pay to or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement. All fees and expenses of the Consulting Firm incurred in connection with the determinations contemplated by this Section 6(i) shall be borne by the Company.

(iii) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Consulting Firm hereunder, it is possible that Payments will have been made by the Company which should not have been made ("Overpayment") or that additional Payments which will not have been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Consulting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Executive which the Consulting Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be promptly repaid to the Company by the Executive. In the event that the Consulting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

j. ***Cooperation*** . Following the Term of Employment, the Executive shall give his assistance and cooperation willingly, upon reasonable advance notice with due consideration for his other business or personal commitments, with respect to any investigation or the Company's defense or prosecution of any existing or future claims or litigations or other proceedings relating to matters in which he was involved or potentially had knowledge by virtue of his employment with the Company, including his attendance and truthful testimony where deemed appropriate by the Company. In no event shall his cooperation materially interfere with his services for a subsequent employer or other similar service recipient. To the extent permitted by law, the Company agrees that (i) it shall promptly reimburse the Executive for his reasonable and documented expenses in connection with his rendering assistance and/or cooperation under this Section 6(j) upon his presentation of documentation for such expenses and (ii) the Executive shall be reasonably compensated for any continued material services as required under this Section 6(j).

k. ***Return of Company Property*** . Following the Termination Date, the Executive or his personal representative shall return all Company property in his possession, including but not limited to all computer equipment (hardware and software), telephones, facsimile machines, palm pilots and other communication devices, credit cards, office keys, security access cards, badges, identification cards and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Company, its customers and clients or its prospective customers and clients (provided that the Executive may retain a copy of the addresses contained in his rolodex, smart phone or similar device).

l. ***Compliance with Section 409A*** .

(i) ***General*** . It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention.

(ii) ***Distributions on Account of Separation from Service*** . If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.

(iii) ***Six Month Delay for Specified Employees*** . If the Executive is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), then no payment or benefit that is considered deferred compensation subject to Section 409A of the Code (and not exempt from Section 409A of the Code as a short term deferral or otherwise) that is payable on account of the Executive's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(iv) ***Treatment of Each Installment as a Separate Payment*** . For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(v) ***Taxable Reimbursements and In-Kind Benefits*** .

(A) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than

the last day of the taxable year of the Executive following the year in which the expense was incurred.

(B) The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Executive, during any taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive.

(C) The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit.

(vi) ***No Guaranty of 409A Compliance*** . Notwithstanding the foregoing, the Company does not make any representation to the Executive that the payments or benefits provided under this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Executive or any beneficiary of the Executive for any tax, additional tax, interest or penalties that the Executive or any beneficiary of the Executive may incur in the event that any provision of this Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

7. ***Restrictive Covenants*** .

a. ***Non-competition*** . At all times during the Restricted Period, the Executive shall not, directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor or otherwise), engage in any Competitive Activity, or have any direct or indirect interest in any sole proprietorship, corporation, company, partnership, association, venture or business or any other person or entity that directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor, or otherwise) engages in a Competitive Activity; provided that the foregoing shall not apply to the Executive's ownership of securities of the Company or the acquisition by the Executive, solely as an investment, of securities of any issuer that is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, and that are listed or admitted for trading on any United States national securities exchange or that are quoted on the Nasdaq Stock Market, or any similar system or automated dissemination of quotations of securities prices in common use, so long as the Executive does not control, acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than five percent of any class of capital stock of such corporation.

b. ***Non-solicitation of Employees and Certain Other Third Parties*** . At all times during the Restricted Period, the Executive shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity (i) employ or attempt to employ or enter into any contractual arrangement with any employee, consultant or individual contractor performing services for the Company, or any Related Entity, unless such employee, consultant or independent contractor, has not been employed or engaged by the Company for a period in excess of six months and/or (ii) call on, solicit, or engage in business with, any of the actual or targeted prospective customers or clients of the Company or any Related Entity on behalf of any person or entity in connection with any Competitive Activity, nor shall the Executive make

known the names and addresses of such actual or targeted prospective customers or clients, or any information relating in any manner to the trade or business relationships of the Company or any Related Entities with such customers or clients, other than in connection with the performance of the Executive's duties under this Agreement, and/or (iii) persuade or encourage or attempt to persuade or encourage any persons or entities with whom the Company or any Related Entity does business or has some business relationship to cease doing business or to terminate its business relationship with the Company or any Related Entity or to engage in any Competitive Activity on its own or with any competitor of the Company or any Related Entity.

c. ***Confidential Information.*** The Executive shall not at any time divulge, communicate, use to the detriment of the Company or any Related Entity or for the benefit of any other person or persons, or misuse in any way, any Confidential Information pertaining to the business of the Company. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Company or any Related Entity (which shall include, but not be limited to, information concerning the Company's or any Related Entity's financial condition, prospects, technology, customers, suppliers, sources of leads and methods of doing business) shall be deemed a valuable, special and unique asset of the Company and its Related Entities that is received by the Executive in confidence and as a fiduciary, and the Executive shall remain a fiduciary to the Company and its Related Entities with respect to all of such information. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to restrict or prohibit Executive from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission ("EEOC"), the Department of Labor ("DOL"), the National Labor Relations Board ("NLRB""), the Department of Justice ("DOJ"), the Securities and Exchange Commission ("SEC"), the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

d. ***Ownership of Developments*** . All processes, concepts, techniques, inventions and works of authorship, including new contributions, improvements, formats, packages, programs, systems, machines, compositions of matter manufactured, developments, applications and discoveries, and all copyrights, patents, trade secrets, or other intellectual property rights associated therewith conceived, invented, made, developed or created by the Executive during the Term of Employment either during the course of performing work for the Company or its Related Entities, or their clients, or which are related in any manner to the business (commercial or experimental) of the Company or its Related Entities or their clients (collectively, the "Work Product") shall belong exclusively to the Company and its Related Entities and shall, to the extent possible, be considered a work made by the Executive for hire for the Company and its Related Entities within the meaning of Title 17 of the United States Code. To the extent the Work Product may not be considered work made by the Executive for hire for the Company and its Related

Entities, the Executive agrees to assign, and automatically assign at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest the Executive may have in such Work Product. Upon the request of the Company, the Executive shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment. The Executive shall further: (i) promptly disclose the Work Product to the Company; (ii) assign to the Company or its assignee, without additional compensation, all patent or other rights to such Work Product for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of his inventions, all at the sole cost and expense of the Company.

e. ***Books and Records*** . All books, records, and accounts relating in any manner to the customers or clients of the Company or its Related Entities, whether prepared by the Executive or otherwise coming into the Executive's possession, shall be the exclusive property of the Company and its Related Entities and shall be returned immediately to the Company on termination of the Executive's employment hereunder or on the Company's request at any time.

f. ***Acknowledgment by Executive*** . The Executive acknowledges and confirms that the restrictive covenants contained in this Section 7 (including without limitation the length of the term of the provisions of this Section 7) are reasonably necessary to protect the legitimate business interests of the Company and its Related Entities, and are not overbroad, overlong, or unfair and are not the result of overreaching, duress or coercion of any kind. The Executive further acknowledges and confirms that the compensation payable to the Executive under this Agreement is in consideration for the duties and obligations of the Executive hereunder, including the restrictive covenants contained in this Section 7, and that such compensation is sufficient, fair and reasonable. The Executive further acknowledges and confirms that his full, uninhibited and faithful observance of each of the covenants contained in this Section 7 will not cause him any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained herein will not impair his ability to obtain employment commensurate with his abilities and on terms fully acceptable to him or otherwise to obtain income required for the comfortable support of him and his family and the satisfaction of the needs of his creditors. The Executive acknowledges and confirms that his special knowledge of the business of the Company and its Related Entities is such as may cause the Company and its Related Entities serious injury or loss if he were to use such ability and knowledge to the benefit of a competitor or were to compete with the Company or its Related Entities in violation of the terms of this Section 7. The Executive further acknowledges that the restrictions contained in this Section 7 are intended to be, and shall be, for the benefit of and shall be enforceable by, the Company's successors and assigns. The Executive expressly agrees that upon any breach or violation of the provisions of this Section 7, the Company shall be entitled to seek in addition to any other rights or remedies it may have, to (i) temporary and/or permanent injunctive relief in any court of competent jurisdiction as described in Section 7(i) hereof, and (ii) such damages as are provided at law or in equity. The existence of any claim or cause of action against the Company or its Related Entities, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement of the restrictions contained in this Section 7.

g. ***Reformation by Court*** . In the event that a court of competent jurisdiction shall determine that any provision of this Article 7 is invalid or more restrictive than permitted under the governing law of such jurisdiction, then only as to enforcement of this Article 7 within

the jurisdiction of such court, such provision shall be interpreted or reformed and enforced as if it provided for the maximum restriction permitted under such governing law.

h. ***Extension of Time*** . If the Executive shall be in violation of any provision of this Section 7, then each time limitation set forth in this Section 7 shall be extended for a period of time equal to the period of time during which such violation or violations occur.

i. ***Injunction*** . It is recognized and hereby acknowledged by the parties hereto that a breach by the Executive of any of the covenants contained in Section 7 of this Agreement may cause irreparable harm and damage to the Company, and its Related Entities, the monetary amount of which may be virtually impossible to ascertain. As a result, the Executive recognizes and hereby acknowledges that the Company and its Related Entities shall be entitled to seek an injunction from any court of competent jurisdiction enjoining and restraining any violation of any or all of the covenants contained in Section 7 of this Agreement by the Executive or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other remedies the Company may possess.

8. ***Representations and Warranties of Executive*** . The Executive represents and warrants to the Company that:

a. The Executive's employment will not conflict with or result in his breach of any agreement to which he is a party or otherwise may be bound;

b. The Executive has not violated, and in connection with his employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which he is or may be bound; and

c. In connection with Executive's employment with the Company, he will not use any confidential or proprietary information that he may have obtained in connection with employment with any prior employer; and

d. The Executive has not (i) been convicted of any felony; or (ii) committed any criminal act with respect to Executive's current or any prior employment; and

e. The Executive is not dependent on alcohol or the illegal use of drugs. The Executive recognizes that Company shall have the right to conduct random drug testing of its employees and that Executive may be called upon in such a manner.

9. ***Agreement to Abide by Company Policies*** : By executing this Agreement, the Executive acknowledges and agrees to comply with any Company policies, standard operating procedures ("SOPs"), and additional agreements between the Executive and the Company which may be in effect from time to time, including, but not limited to (i) the Company's Code of Conduct; (ii) Company policies against harassment and discrimination; and (iii) the Company's Code of Ethics.

10. ***Taxes*** . All payments or transfers of property made by the Company to the Executive or his estate or beneficiaries shall be subject to the withholding of such amounts relating

to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

11. ***Assignment*** . The Company shall have the right to assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any corporation or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said corporation or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or its rights and obligations hereunder. The Executive may not assign or transfer this Agreement or any rights or obligations hereunder, but Executive's rights hereunder shall inure to the benefit of his estate, executors, administrators and heirs.

12. ***Governing Law*** . This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey, without regard to principles of conflict of laws.

13. ***Jurisdiction and Venue*** . The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Somerset, New Jersey, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the parties irrevocably and unconditionally (i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement which is expressly permitted by the terms of this Agreement to be brought in a court of law, may be brought in the courts of record of the Superior Court of the State of New Jersey, Somerset County, or the court of the United States, District of New Jersey; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it or he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (iv) agrees that service of any court papers may be effected on such party by mail, as provided in this Agreement and as permitted by New Jersey or Federal law, or in such other manner as may be provided under applicable laws or court rules in such courts.

14. ***Entire Agreement*** . This Agreement, together with the exhibit attached hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company (or any of its Related Entities) with respect to such subject matter. This Agreement may not be modified in any way unless by a written instrument signed by both the Company and the Executive.

15. ***Notices*** . All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered by courier, sent by registered or certified mail, return receipt requested or sent by confirmed facsimile transmission addressed as set forth herein. Notices personally delivered, sent by facsimile or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given upon receipt by the addressee, as evidenced by the return receipt thereof. Notice shall be sent (i) if to the Company, addressed to, 10 Finderne Ave, Building 10, Bridgewater, NJ 08807-2265, Attention: General Counsel, and (ii) if to the Executive, to his address as reflected on the payroll

records of the Company, or to such other address as either party shall request by notice to the other in accordance with this provision.

16. ***Benefits; Binding Effect.*** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where permitted and applicable, assigns, including, without limitation, any successor to the Company, whether by merger, consolidation, sale of stock, sale of assets or otherwise.

17. ***Right to Consult with Counsel; No Drafting Party*** . The Executive acknowledges having read and considered all of the provisions of this Agreement carefully, and having had the opportunity to consult with counsel of his own choosing, and, given this, the Executive agrees that the obligations created hereby are not unreasonable. The Executive acknowledges that he has had an opportunity to negotiate any and all of these provisions and no rule of construction shall be used that would interpret any provision in favor of or against a party on the basis of who drafted the Agreement.

18. ***Severability*** . The invalidity of any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, provisions or provisions, section or sections or article or articles had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

19. ***Waivers*** . The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

20. ***Damages; Attorneys' Fees*** . Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement. Each party shall bear its own costs and attorneys' fees.

21. ***Waiver of Jury Trial*** . The Executive hereby knowingly, voluntarily and intentionally waives any right that the Executive may have to a trial by jury in respect of any litigation arising out of, under or in connection with the express terms of this Agreement and any agreement, document or instrument contemplated to be executed in connection herewith.

22. ***No Set-off or Mitigation*** . The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In the event of any termination of the Executive's employment under this Agreement, he shall be under no obligation to seek other

employment or otherwise in any way to mitigate the amount of any payment provided for hereunder.

23. ***Section Headings*** . The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

24. ***No Third Party Beneficiary*** . The Related Entities are intended third party beneficiaries of this Agreement. Otherwise, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Company, the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

25. ***Counterparts*** . This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument and agreement.

26. ***Indemnification*** .

a. Subject to limitations imposed by law, the Company shall indemnify and hold harmless the Executive to the fullest extent permitted by law from and against any and all claims, damages, expenses (including attorneys' fees), judgments, penalties, fines, settlements, and all other liabilities incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and to which the Executive was or is a party or is threatened to be made a party by reason of the fact that the Executive is or was an officer, employee or agent of the Company, or by reason of anything done or not done by the Executive in any such capacity or capacities, provided that the Executive acted in good faith, in a manner that was not grossly negligent or constituted willful misconduct and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Company also shall pay any and all expenses (including attorney's fees) incurred by the Executive as a result of the Executive being called as a witness in his capacity as a current or former officer or director of the Company.

b. The Company shall pay any expenses (including attorneys' fees, judgments, penalties, fines, settlements, and other liabilities incurred by the Executive in investigating, defending, settling or appealing any action, suit or proceeding described in this Section 26) in advance of the final disposition of such action, suit or proceeding. The Company shall promptly pay the amount of such expenses to the Executive, but in no event later than ten days following the Executive's delivery to the Company of a written request for an advance pursuant to this Section 26, together with a reasonable accounting of such expenses.

c. The Executive hereby undertakes and agrees to repay to the Company any advances made pursuant to this Section 26 if and to the extent that it shall ultimately be found that the Executive is not entitled to be indemnified by the Company for such amounts.

d. The Company shall make the advances contemplated by this Section 26 regardless of the Executive's financial ability to make repayment, and regardless whether indemnification of the Executive by the Company will ultimately be required. Any advances and undertakings to repay pursuant to this Section 26 shall be unsecured and interest-free.

e. The provisions of this Section 26 shall survive the Term of Employment.

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

COMPANY:

Insmed Incorporated, a Virginia corporation

By: /s/ William H. Lewis
Name: William H. Lewis
Title: President and CEO

EXECUTIVE:
/s/ Paolo Tombesi

Name: Paolo Tombesi

Exhibit A

General Release of Claims

27. Paolo Tombesi ("Executive"), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the consideration received pursuant to Sections 6(e) [and 6(g)] of the Employment Agreement (the "Severance Benefits") to which this release is attached as Exhibit A (the "Employment Agreement"), does hereby release and forever discharge Insmed Incorporated (the "Company"), its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers, employees, shareholders or agents in such capacities (collectively with the Company, the "Released Parties") from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Executive's employment or termination thereof, whether for tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Without limiting the generality of the release provided above, Executive expressly waives any and all claims under Age Discrimination in Employment Act (" ADEA' ') that he may have as of the date hereof. Executive further understands that, by signing this General Release of Claims, he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any rights to receive any payments or benefits to which the Executive is entitled under COBRA, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification and advancement rights Executive may have as a former employee, officer or director of the Company or its subsidiaries or affiliated companies (including any rights under Section 26 of the Employment Agreement or under the Company's charter or bylaws), (iv) any claims for benefits under any directors' and officers' liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy, (v) rights to vested benefits under the Company's 401(k) plan, and (vi) any rights as a holder of equity securities or debt securities/notes of the Company.

28. Executive represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of any lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Executive pursuant to paragraph 1 hereof; provided, that nothing herein shall prevent his from filing a charge or complaint with the Equal Employment Opportunity Commission ("EEOC") or similar federal or state agency or his ability to participate in any investigation or proceeding conducted by such agency. Executive does agree, however, that he is waiving his right to recover any money in connection with such an investigation or charge filed by his or by any other individual, or a charge filed by the Equal Employment Opportunity Commission or any other federal, state or local agency.

29. Executive acknowledges that, in the absence of his execution of this General Release of Claims, the Severance Benefits would not otherwise be due to his.

30. Executive acknowledges and agrees that he received adequate consideration in exchange for agreeing to the covenants contained in Section 7 of the Employment Agreement, that such covenants remain reasonable and necessary to protect the legitimate business interests of the Company and its affiliates and that he will continue to comply with those covenants.

31. Executive hereby acknowledges that the Company has informed his that he has up to 21 days to sign this General Release of Claims and he may knowingly and voluntarily waive that 21 day period by signing this General Release of Claims earlier. Executive also understands that he shall have seven days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to the Company in the manner described in Section 15 of the Employment Agreement.

32. Executive acknowledges and agrees that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the State of New Jersey applicable to contracts made and to be performed entirely within such State.

33. Executive acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this General Release of Claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

34. This General Release of Claims shall become irrevocable on the eighth day following Executive's execution of this General Release of Claims, unless previously revoked in accordance with paragraph 5, above.

Intending to be legally bound hereby, Executive has executed this General Release of Claims on May 11, 2017.

/s/ Paolo Tombesi

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is effective on the Commencement Date (as defined below), by and between Insmed Incorporated, a Virginia corporation (the "Company"), and Paul Streck (hereinafter, the "Executive"). When referring to the Executive, the term "he" or "she" throughout this Agreement is intended to be gender neutral.

WITNESSETH:

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company on the terms herein described.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and the Executive hereby agree as follows:

1. ***Definitions*** . When used in this Agreement, the following terms shall have the following meanings:

a. " ***Accrued Obligations*** " means:

(i) all accrued but unpaid Base Salary through the end of the Term of Employment;

(ii) any unpaid or unreimbursed expenses incurred in accordance with Company policy, including amounts due under Section 5(a) hereof, to the extent incurred during the Term of Employment;

(iii) any accrued but unpaid benefits provided under the Company's employee benefit plans, subject to and in accordance with the terms of those plans;

(iv) rights to indemnification by virtue of the Executive's position as an officer or director of the Company or its subsidiaries and the benefits under any directors' and officers' liability insurance policy maintained by the Company, in accordance with its terms thereof; and

b. " ***Base Salary"*** means the salary provided for in Section 4(a) hereof or any increased salary granted to Executive pursuant to Section 4(a) hereof.

c. " ***Beneficial Ownership*** " shall have the meaning ascribed to such term in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

d. " ***Board*** " means the Board of Directors of the Company.

e. " ***Bonus*** " means any bonus payable to the Executive pursuant to Section 4(b) hereof.

f. " ***Cause*** " means:

(i) a conviction of the Executive, or a plea of nolo contendere, to a felony involving moral turpitude; or

(ii) willful misconduct or gross negligence by the Executive resulting, in either case, in material economic harm to the Company or any Related Entities; or

(iii) a willful failure by the Executive to carry out the reasonable and lawful directions of the Board and failure by the Executive to remedy the failure within thirty (30) days after receipt of written notice of same from the Board; or

(iv) fraud, embezzlement, theft or dishonesty of a material nature by the Executive against the Company or any Related Entity, or a willful material violation by the Executive of a policy or procedure of the Company or any Related Entity, resulting, in any case, in material economic harm to the Company or any Related Entity; or

(v) a willful material breach by the Executive of this Agreement and failure by the Executive to remedy the material breach within 30 days after receipt of written notice of same from the Board.

g. " ***Change in Control*** " means:

(i) The acquisition by any Person of Beneficial Ownership of at least 40% of either (A) the value of the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this definition, the following acquisitions shall not constitute or result in a Change of Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any person that as of the Commencement Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary of the Company; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two consecutive years (not including any period prior to the Commencement Date) individuals who constitute the Board on the Commencement Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Commencement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the Persons who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the " **Acquiring Corporation** ") in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding the Acquiring Corporation or any employee benefit plan (or related trust) of the Company or such Acquiring Corporation) beneficially owns, directly or indirectly, more than 40% of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, no event or transaction will constitute a Change in Control hereunder unless it also constitutes a "change in control event" under Section 409A of the Code.

h. " ***COBRA*** " means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time.

i. " ***Code*** " means the Internal Revenue Code of 1986, as amended.

j. " ***Commencement Date*** " shall be the date on which Executive commences employment with the Company which is anticipated to be on or about June 5, 2017.

k. " ***Competitive Activity*** " means (i) the discovery, design, development, distribution, marketing or sale of inhalation therapies for rare lung diseases and/or disorders, or (ii) any other activity in competition with the material activities of the Company or any of its Related Entities, in either case in any of the States within the United States, or countries within the world, in which the Company or any of its Related Entities conducts business. For this purpose, the activities of the Company and its Related Entities, and where the Company and its Relates

Entities do business, will be determined as of the earlier of the date of the application of this definition or the Termination Date.

l. " ***Confidential Information*** " means all trade secrets and information disclosed to the Executive or known by the Executive as a consequence of or through the unique position of his employment with the Company or any Related Entity (including information conceived, originated, discovered or developed by the Executive and information acquired by the Company or any Related Entity from others) prior to or after the date hereof, and not generally or publicly known (other than as a result of unauthorized disclosure by the Executive), about the Company or any Related Entity or its business. Confidential Information includes, but is not limited to, inventions, ideas, designs, computer programs, circuits, schematics, formulas, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, methods of manufacturing, know-how, data, financial information and forecasts, product plans, marketing plans and strategies, price lists, customer lists and contractual obligations and terms thereof, data, documentation and other information, in whatever form disclosed, relating to the Company or any Related Entity, including, but not limited to, financial statements, financial projections, business plans, listings and contractual obligations and terms thereof, components of intellectual property, unique designs, methods of manufacturing or other technology of the Company or any Related Entity.

m. " ***Disability*** " means the Executive's inability, or failure, to perform the essential functions of his position, with or without reasonable accommodation, for any period of six months or more in any 12 month period, by reason of any medically determinable physical or mental impairment.

n. ***"Equity Awards*** " means any stock options, restricted stock, restricted stock units, stock appreciation rights, phantom stock or other equity based awards granted by the Company to the Executive.

o. " ***Excise Tax*** " means any excise tax imposed by Section 4999 of the Code, together with any interest and penalties imposed with respect thereto, or any interest or penalties that are incurred by the Executive with respect to any such excise tax.

p. " ***Good Reason*** " means the occurrence of any of the following: (i) a material diminution in the Executive's base compensation (consisting of his base salary and pro-rata bonus opportunity as set forth in Section 4 below); (ii) a material diminution in the Executive's title, authority, duties, or responsibilities; (iii) a material diminution in the title, authority, duties, or responsibilities of the supervisor to whom the Executive is required to report; (iv) the Company's or Related Entity's requiring the Executive to be based at any office or location outside of 50 miles from the location of employment or service as of the effective date of this Agreement, except for travel reasonably required in the performance of the Executive's responsibilities; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement. For purposes of this Agreement, Good Reason shall not be deemed to exist unless the Executive's termination of employment for Good Reason occurs within six months following the initial existence of one of the conditions specified in clauses (i) through (v) above, the Executive provides the Company with written notice of the existence of such condition within 90 days after the initial

existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice.

q. " ***Group*** " shall have the meaning ascribed to such term in Section 13(d) of the Securities Exchange Act of 1934.

r. " ***Person*** " shall have the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act of 1934 and used in Sections 13(d) and 14(d) thereof.

s. ***"Pro-Rata Bonus"*** means the Bonus that (but for the cessation of the Executive's employment) would otherwise have been payable to the Executive for the fiscal year in which the Termination Date occurs (based on actual performance outcomes for that year), multiplied by the following fraction: (i) the number of days that the Executive was employed by the Company during that fiscal year, divided by (ii) 365. For this purpose, the Bonus that would otherwise have been payable to the Executive shall be determined in good faith and in the same manner applicable to active named executive officers of the Company.

t. " ***Related Entity*** " means any Person controlling, controlled by or under common control with the Company or any of its subsidiaries. For this purpose, the terms controlling," "controlled by" and "under common control with" mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including (without limitation) the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

u. " ***Restricted Period*** " shall be the Term of Employment and the one year period immediately following termination of the Term of Employment.

v. " ***Severance Amount*** " shall mean an amount equal to the Executive's annual Base Salary, as in effect immediately prior to the Termination Date.

w. " ***Severance Term*** " means the twelve month period following the date on which the Term of Employment ends.

x. " ***Target Bonus*** " has the meaning described in Section 4(b).

y. " ***Term of Employment*** " means the period during which the Executive shall be employed by the Company pursuant to the terms of this Agreement, which period shall begin on the Commencement Date and continue until terminated in accordance with Section 6 hereof.

z. " ***Termination Date*** " means the date on which the Term of Employment ends.

2. ***Employment*** . The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company during the Term of Employment on the terms and conditions set forth herein.

3. ***Duties of Executive*** . During the Term of Employment, the Executive shall be employed and serve as the Chief Medical Officer, and shall have such duties typically associated with such title, including, without limitation, leading the clinical, medical affairs, data management and biostatistics organizations and playing a key management and leadership role for Insmed. The Executive shall faithfully and diligently perform all services consistent with his position as may be assigned to him by Executive Management or the Board in their reasonable and lawful discretion. The Executive shall devote his full business time, attention and efforts to the performance of his duties under this Agreement, render such services to the best of his ability, and use his reasonable best efforts to promote the interests of the Company. The Executive shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (i) conflicts with the interests of the Company or its subsidiaries, (ii) interferes with the proper and efficient performance of his duties for the Company, or (iii) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing or any other provision of this Agreement, it shall not be a breach or violation of this Agreement for the Executive to (w) serve on up to two outside corporate or scientific advisory boards with prior notice to, and approval by, the Board, (x) serve on civic or charitable boards or committees, (y) deliver lectures, fulfill speaking engagements or teach at educational institutions, or (z) manage personal investments, so long as such activities do not constitute a Competitive Activity or significantly interfere with or significantly detract from the performance of the Executive's responsibilities to the Company in accordance with this Agreement.

4. ***Compensation*** .

a. ***Base Salary*** . The Executive shall receive a Base Salary at the annual rate of $425,000 during the Term of Employment, with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. The Base Salary shall be reviewed, at least annually, for merit increases and may, by action and in the discretion of the Board, be increased at any time or from time to time, but may not be decreased from the then current Base Salary.

Bonuses . Commencing in 2017, the Executive shall participate in the Company's annual incentive compensation plan, program and/or arrangements applicable to senior-level executives, as established and modified from time to time by the Compensation Committee of the Board in its sole discretion. During the Term of Employment, the Executive shall have a target bonus opportunity under such plan or program equal to 40% of his current Base Salary, (the "Target Bonus"), based on satisfaction of performance criteria to be established by the Compensation Committee of the Board within the first three months of each fiscal year that begins during the Term of Employment. For 2017, the bonus shall be prorated from April 1 st . Payment of annual incentive compensation awards shall be made in the same manner and at the same time that other senior-level executives receive their annual incentive compensation awards and, except as otherwise provided herein, will be subject to the Executive's continued employment through the applicable payment date. In addition, upon the completion of 30 days employment the executive will be eligible to receive a $40,000 sign-on bonus. All sign-on bonuses are subject to the appropriate payroll taxes. Should the Executive resign without Good Reason within twelve (12) of the Commencement date, after the entire $40,000 has been paid in full, the Executive shall be responsible to reimburse the Company for the full amount of the sign-on bonus and the Company may, without limiting any other rights or remedies it may have, offset such amount against any

amounts owed to you, to the extent permitted by law.In the event the Executive is required to repay the sign-on received from his prior employer, GSK, the Company will reimburse the executive for one half the amount requested, not to exceed $45,000 upon presentation of appropriate documentation. Should the Executive resign without Good Reason within twelve (12) of the Commencement date, after any such amount has been reimbursed, the Executive shall be responsible to reimburse the Company for the full amount of such reimbursement and the Company may, without limiting any other rights or remedies it may have, offset such amount against any amounts owed to you, to the extent permitted by law.

5. ***Expense Reimbursement and Other Benefits*** .

a. ***Reimbursement of Expenses*** . Upon the submission of proper substantiation by the Executive, and subject to such rules and guidelines as the Company may from time to time adopt with respect to the reimbursement of expenses of executive personnel, the Company shall reimburse the Executive for all reasonable expenses actually paid or incurred by the Executive during the Term of Employment in the course of and pursuant to the business of the Company. The Executive shall account to the Company in writing for all expenses for which reimbursement is sought and shall supply to the Company copies of all relevant invoices, receipts or other evidence reasonably requested by the Company. In addition, the Company shall reimburse the Executive for (or directly pay) reasonable attorneys' fees incurred by the Executive in the negotiation and drafting of this Agreement, up to a maximum of $5,000.

b. ***Compensation/Benefit Programs*** . During the Term of Employment, the Executive shall be entitled to participate in all medical, dental, hospitalization, accidental death and dismemberment, disability, travel and life insurance plans, and any and all other plans as are from time to time offered by the Company to its executive personnel, including savings, pension, profit-sharing and deferred compensation plans, subject to the general eligibility and participation provisions set forth in such plans. The organization will also secure on the Executive's behalf, a medical plan that provides the ability to receive medical benefits and coverage on an international basis. Cost sharing for the plan will be the same as for the other medical plans provided to employees.

c. ***Working Facilities*** . During the Term of Employment, the Company shall furnish the Executive with an office, administrative help and such other facilities similar to those provided to similarly situated executives of the Company. The Executive's principal place of employment (subject to reasonable travel) shall be Bridgewater, NJ.

d. ***Relocation*** : Given your place of business will be over 50 miles from your current residence; you are eligible for our *Homeowners Relocation Benefits* . Your relocation must be completed within 12 months of your date of hire. You will also be required to sign an Acknowledgement Form agreeing to the outline of the program. Relocation arrangements will not be initiated without the signed Relocation Acknowledgement form. Relocation benefits include, temporary housing, movement of household goods, and a miscellaneous allowance. The program details are contained within a separate document.

e. ***Stock Options*** . As a material inducement to entering into this Agreement, you will receive an option to purchase a number of common shares equivalent to the value of $1,100,000. The exact number of options will be determined using a Black-Scholes calculation based upon the closing price at the end of the day on the first day of the month following your date of hire. The exercise price per share will be equal to the fair market value per share also as determined based upon the closing price at the end of the day on the first day of the month following your date of hire. The options will vest at the rate of twenty-five percent (25%) on the first anniversary of the date of the grant and an additional twelve and half (12.5%) percent on each sixth month anniversary thereafter so that the entire grant will be fully vested on the fourth anniversary of the date of grant. The terms and conditions of the options will be consistent with the Company's standard stock option agreement and stock incentive plan to be provided to you.

f. ***Vacation*** . The Executive shall be entitled to take vacation time as per our Professional Judgment Vacation Policy. This policy provides the Executive the ability, with advanced approval from his manager, to take vacation days as and when appropriate throughout the calendar year.

6. ***Termination*** .

a. ***General*** . The Term of Employment shall terminate upon the earliest to occur of (i) the Executive's death, (ii) a termination by the Company by reason of the Executive's Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, the Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company or any of its Related Entities.

b. ***Termination By Company for Cause.*** The Company shall at all times have the right, upon written notice to the Executive, to terminate the Term of Employment, for Cause. In no event shall a termination of the Executive's employment for Cause occur unless the Company gives written notice to the Executive in accordance with this Agreement stating with reasonable specificity the events or actions that constitute Cause and providing the Executive with an opportunity to cure (if curable) within a reasonable period of time, but not less than a period of 10 days. Cause shall in no event be deemed to exist except upon a decision made by the Board, at a meeting, duly called and noticed, to which the Executive (and the Executive's counsel) shall be invited upon proper notice and shall be permitted to present evidence. In the event that the Term of Employment is terminated by the Company for Cause, Executive shall be entitled only to the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended. Nothing in this paragraph shall be construed as a release of any claims against the Company and the Board's determination of cause shall not be considered a waiver of any claims the Executive may have.

c. ***Disability*** . The Company shall have the option, in accordance with applicable law, to terminate the Term of Employment upon written notice to the Executive, at any time during which the Executive is suffering from a Disability. In the event that the Term of Employment is terminated due to the Executive's Disability, the Executive shall be entitled to (i) the Accrued Obligations, payable as and when those amounts would have been paid had the Term of Employment not ended, (ii) the Pro-Rata Bonus, payable within 2 ½ months following the end of the fiscal year in which the Termination Date occurs, (iii) any earned but unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the Termination Date, payable within 2 ½ months following the last day of the month in which the Termination Date occurs, and (iv) any insurance benefits to which he and his beneficiaries are entitled as a result of his Disability.

d. ***Death*** . In the event that the Term of Employment is terminated due to the Executive's death, the Executive's estate shall be entitled to (i) the Accrued Obligations, payable as and when those amounts would have been paid had the Term of Employment not ended, (ii) the Pro-Rata Bonus, payable within 2 ½ months following the end of the fiscal year in which the Termination Date occurs, (iii) any earned but unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the Termination Date, payable within 2 ½ months following the last day of the month in which the Termination Date occurs, and (iv) any insurance benefits to which he and his beneficiaries are entitled as a result of his death.

e. ***Termination Without Cause or Resignation With Good Reason*** . The Company may terminate the Term of Employment without Cause, and the Executive may terminate the Term of Employment for Good Reason, at any time upon written notice. If the Term of Employment is terminated by the Company without Cause (other than due to the Executive's death or Disability) or by the Executive for Good Reason, in either case prior to the date of a Change in Control or more than one year after a Change in Control, the Executive shall be entitled to the following:

(i) The Accrued Obligations, payable as and when those amounts would have been paid had the Term of Employment not ended;

(ii) Any unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the Termination Date, payable within 2 ½ months following the last day of the month in which the Termination Date occurs;

(iii) The Pro-Rata Bonus, payable within 2 ½ months following the end of the fiscal year in which the Termination Date occurs;

(iv) The Severance Amount, payable in equal installments consistent with the Company's normal payroll schedule over the 12 month period beginning with the first regularly scheduled payroll date that occurs more than 30 days following the Termination Date;

(v) Provided that the Executive timely elects continued coverage under COBRA, the Company will reimburse the Executive for the monthly COBRA cost of continued health and dental coverage of the Executive and his qualified beneficiaries paid by the Executive under the health and dental plans of the Company, less the amount that the Executive would be required to contribute for health and dental coverage if the Executive were an active employee of

the Company, for 12 months (or, if less, for the duration that such COBRA coverage is available to Executive); and

(vi) Accelerated vesting, as of the Termination Date, of any stock options that would have otherwise vested within six months following the Termination Date.

f. ***Termination by Executive Without Good Reason*** . The Executive may terminate his employment without Good Reason by providing the Company 30 days' written notice of such termination. In the event of a termination of employment by the Executive under this Section 6(f), the Executive shall be entitled only to the Accrued Obligations payable as and when those amounts would have been payable had the Term of Employment not ended. In the event of termination of the Executive's employment under this Section 6(f), the Company may, in its sole and absolute discretion, by written notice, accelerate such date of termination and still have it treated as a termination without Good Reason.

g. ***Change in Control of the Company*** . If the Executive's employment is terminated by the Company (or any entity to which the obligations and benefits under this Agreement have been assigned, pursuant to Section (11) without Cause or by the Executive for Good Reason during the one year period immediately following the Change in Control, then the Executive shall be entitled to the same payments, rights and benefits described in Section 6(e), subject to the following enhancements:

(i) The Severance Amount will be paid in a lump-sum on the first regularly scheduled payroll date that occurs more than 30 days following the Termination Date (rather than in installments over 12 months);

(ii) Provided that the Executive timely elects continued coverage under COBRA, the Company will reimburse the Executive for the monthly COBRA cost of continued health and dental coverage of the Executive and his qualified beneficiaries paid by the Executive under the health and dental plans of the Company, less the amount that the Executive would be required to contribute for health and dental coverage if the Executive were an active employee of the Company, for 12 months (or, if less, for the duration that such COBRA coverage is available to Executive); and

(iii) All time-vested Equity Awards will vest in full.

h. ***Release*** . All rights, payments and benefits due to the Executive under this Article 6 (other than the Accrued Obligations) shall be conditioned on the Executive's execution of a general release of claims against the Company and its affiliates substantially in the form attached hereto as Exhibit A (the "Release") and on that Release becoming effective and irrevocable within 30 days following the Termination Date.

i. ***Section 280G Certain Reductions of Payments by the Company*** .

(i) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be nondeductible by the Company for Federal

income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Executive pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value that avoids any Payment being nondeductible by the Company because of Section 280G of the Code. To the extent necessary to avoid imposition of the Excise Tax, the amounts payable or benefits to be provided to the Executive shall be reduced such that the reduction of compensation to be provided to the Executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero). Anything to the contrary notwithstanding, if the Reduced Amount is zero and it is determined further that any Payment which is not an Agreement Payment would nevertheless be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of Payments which are not Agreement Payments shall also be reduced (but not below zero) to an amount expressed in present value which maximizes the aggregate present value of Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. If a reduction of any Payment is required pursuant to this Section 6(i), such reduction shall occur to the amounts in the order that results in the greatest economic present value of all payments and benefits actually made or provided to the Executive. For purposes of this Section 6(i), present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ii) All determinations required to be made under this Section 6(i) shall be made by a tax or compensation consulting firm of national reputation selected by the Company (the "Consulting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 20 business days of the date of termination or such earlier time as is requested by the Company and an opinion to the Executive that he has substantial authority not to report any excise tax on his Federal income tax return with respect to any Payments. Any such determination by the Consulting Firm shall be binding upon the Company and the Executive. Within five business days thereafter, the Company shall pay to or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement. All fees and expenses of the Consulting Firm incurred in connection with the determinations contemplated by this Section 6(i) shall be borne by the Company.

(iii) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Consulting Firm hereunder, it is possible that Payments will have been made by the Company which should not have been made ("Overpayment") or that additional Payments which will not have been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Consulting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Executive which the Consulting Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be promptly repaid to the Company by the Executive. In the event that the Consulting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of

the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

j. ***Cooperation*** . Following the Term of Employment, the Executive shall give his assistance and cooperation willingly, upon reasonable advance notice with due consideration for his other business or personal commitments, with respect to any investigation or the Company's defense or prosecution of any existing or future claims or litigations or other proceedings relating to matters in which he was involved or potentially had knowledge by virtue of his employment with the Company, including his attendance and truthful testimony where deemed appropriate by the Company. In no event shall his cooperation materially interfere with his services for a subsequent employer or other similar service recipient. To the extent permitted by law, the Company agrees that (i) it shall promptly reimburse the Executive for his reasonable and documented expenses in connection with his rendering assistance and/or cooperation under this Section 6(j) upon his presentation of documentation for such expenses and (ii) the Executive shall be reasonably compensated for any continued material services as required under this Section 6(j).

k. ***Return of Company Property*** . Following the Termination Date, the Executive or his personal representative shall return all Company property in his possession, including but not limited to all computer equipment (hardware and software), telephones, facsimile machines, palm pilots and other communication devices, credit cards, office keys, security access cards, badges, identification cards and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Company, its customers and clients or its prospective customers and clients (provided that the Executive may retain a copy of the addresses contained in his rolodex, smart phone or similar device).

l. ***Compliance with Section 409A*** .

(i) ***General*** . It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention.

(ii) ***Distributions on Account of Separation from Service*** . If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.

(iii) ***Six Month Delay for Specified Employees*** . If the Executive is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), then no payment or benefit that is considered deferred compensation subject to Section 409A of the Code (and not exempt from Section 409A of the Code as a short term deferral or otherwise) that is payable on account of the Executive's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred

compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(iv) ***Treatment of Each Installment as a Separate Payment*** . For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(v) ***Taxable Reimbursements and In-Kind Benefits*** .

(A) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the last day of the taxable year of the Executive following the year in which the expense was incurred.

(B) The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Executive, during any taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive.

(C) The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit.

(vi) ***No Guaranty of 409A Compliance*** . Notwithstanding the foregoing, the Company does not make any representation to the Executive that the payments or benefits provided under this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Executive or any beneficiary of the Executive for any tax, additional tax, interest or penalties that the Executive or any beneficiary of the Executive may incur in the event that any provision of this Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

7. ***Restrictive Covenants*** .

a. ***Non-competition*** . At all times during the Restricted Period, the Executive shall not, directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor or otherwise), engage in any Competitive Activity, or have any direct or indirect interest in any sole proprietorship, corporation, company, partnership, association, venture or business or any other person or entity that directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor, or otherwise) engages in a Competitive Activity; provided that the foregoing shall not apply to the Executive's ownership of securities of the Company or the acquisition by the Executive, solely as an investment, of securities of any issuer that is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, and that are listed or admitted

for trading on any United States national securities exchange or that are quoted on the Nasdaq Stock Market, or any similar system or automated dissemination of quotations of securities prices in common use, so long as the Executive does not control, acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than five percent of any class of capital stock of such corporation.

b. ***Non-solicitation of Employees and Certain Other Third Parties*** . At all times during the Restricted Period, the Executive shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity (i) employ or attempt to employ or enter into any contractual arrangement with any employee, consultant or individual contractor performing services for the Company, or any Related Entity, unless such employee, consultant or independent contractor, has not been employed or engaged by the Company for a period in excess of six months and/or (ii) call on, solicit, or engage in business with, any of the actual or targeted prospective customers or clients of the Company or any Related Entity on behalf of any person or entity in connection with any Competitive Activity, nor shall the Executive make known the names and addresses of such actual or targeted prospective customers or clients, or any information relating in any manner to the trade or business relationships of the Company or any Related Entities with such customers or clients, other than in connection with the performance of the Executive's duties under this Agreement, and/or (iii) persuade or encourage or attempt to persuade or encourage any persons or entities with whom the Company or any Related Entity does business or has some business relationship to cease doing business or to terminate its business relationship with the Company or any Related Entity or to engage in any Competitive Activity on its own or with any competitor of the Company or any Related Entity.

c. ***Confidential Information.*** The Executive shall not at any time divulge, communicate, use to the detriment of the Company or any Related Entity or for the benefit of any other person or persons, or misuse in any way, any Confidential Information pertaining to the business of the Company. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Company or any Related Entity (which shall include, but not be limited to, information concerning the Company's or any Related Entity's financial condition, prospects, technology, customers, suppliers, sources of leads and methods of doing business) shall be deemed a valuable, special and unique asset of the Company and its Related Entities that is received by the Executive in confidence and as a fiduciary, and the Executive shall remain a fiduciary to the Company and its Related Entities with respect to all of such information. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to restrict or prohibit Executive from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission ("EEOC"), the Department of Labor ("DOL"), the National Labor Relations Board ("NLRB""), the Department of Justice ("DOJ"), the Securities and Exchange Commission ("SEC"), the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of

a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

d. ***Ownership of Developments*** . All processes, concepts, techniques, inventions and works of authorship, including new contributions, improvements, formats, packages, programs, systems, machines, compositions of matter manufactured, developments, applications and discoveries, and all copyrights, patents, trade secrets, or other intellectual property rights associated therewith conceived, invented, made, developed or created by the Executive during the Term of Employment either during the course of performing work for the Company or its Related Entities, or their clients, or which are related in any manner to the business (commercial or experimental) of the Company or its Related Entities or their clients (collectively, the "Work Product") shall belong exclusively to the Company and its Related Entities and shall, to the extent possible, be considered a work made by the Executive for hire for the Company and its Related Entities within the meaning of Title 17 of the United States Code. To the extent the Work Product may not be considered work made by the Executive for hire for the Company and its Related Entities, the Executive agrees to assign, and automatically assign at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest the Executive may have in such Work Product. Upon the request of the Company, the Executive shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment. The Executive shall further: (i) promptly disclose the Work Product to the Company; (ii) assign to the Company or its assignee, without additional compensation, all patent or other rights to such Work Product for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of his inventions, all at the sole cost and expense of the Company.

e. ***Books and Records*** . All books, records, and accounts relating in any manner to the customers or clients of the Company or its Related Entities, whether prepared by the Executive or otherwise coming into the Executive's possession, shall be the exclusive property of the Company and its Related Entities and shall be returned immediately to the Company on termination of the Executive's employment hereunder or on the Company's request at any time.

f. ***Acknowledgment by Executive*** . The Executive acknowledges and confirms that the restrictive covenants contained in this Section 7 (including without limitation the length of the term of the provisions of this Section 7) are reasonably necessary to protect the legitimate business interests of the Company and its Related Entities, and are not overbroad, overlong, or unfair and are not the result of overreaching, duress or coercion of any kind. The Executive further acknowledges and confirms that the compensation payable to the Executive under this Agreement is in consideration for the duties and obligations of the Executive hereunder, including the restrictive covenants contained in this Section 7, and that such compensation is sufficient, fair and reasonable. The Executive further acknowledges and confirms that his full, uninhibited and faithful observance of each of the covenants contained in this Section 7 will not cause him any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained herein will not impair his ability to obtain employment commensurate with his abilities and on terms fully acceptable to him or otherwise to obtain income required for the comfortable support of him and his family and the satisfaction of the needs of his creditors. The Executive acknowledges and confirms that his special knowledge of the business of the Company and its Related Entities is such as may cause the Company and its Related Entities serious injury or loss if he were to use

such ability and knowledge to the benefit of a competitor or were to compete with the Company or its Related Entities in violation of the terms of this Section 7. The Executive further acknowledges that the restrictions contained in this Section 7 are intended to be, and shall be, for the benefit of and shall be enforceable by, the Company's successors and assigns. The Executive expressly agrees that upon any breach or violation of the provisions of this Section 7, the Company shall be entitled to seek in addition to any other rights or remedies it may have, to (i) temporary and/or permanent injunctive relief in any court of competent jurisdiction as described in Section 7(i) hereof, and (ii) such damages as are provided at law or in equity. The existence of any claim or cause of action against the Company or its Related Entities, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement of the restrictions contained in this Section 7.

g. ***Reformation by Court*** . In the event that a court of competent jurisdiction shall determine that any provision of this Article 7 is invalid or more restrictive than permitted under the governing law of such jurisdiction, then only as to enforcement of this Article 7 within the jurisdiction of such court, such provision shall be interpreted or reformed and enforced as if it provided for the maximum restriction permitted under such governing law.

h. ***Extension of Time*** . If the Executive shall be in violation of any provision of this Section 7, then each time limitation set forth in this Section 7 shall be extended for a period of time equal to the period of time during which such violation or violations occur.

i. ***Injunction*** . It is recognized and hereby acknowledged by the parties hereto that a breach by the Executive of any of the covenants contained in Section 7 of this Agreement may cause irreparable harm and damage to the Company, and its Related Entities, the monetary amount of which may be virtually impossible to ascertain. As a result, the Executive recognizes and hereby acknowledges that the Company and its Related Entities shall be entitled to seek an injunction from any court of competent jurisdiction enjoining and restraining any violation of any or all of the covenants contained in Section 7 of this Agreement by the Executive or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other remedies the Company may possess.

8. ***Representations and Warranties of Executive*** . The Executive represents and warrants to the Company that:

a. The Executive's employment will not conflict with or result in his breach of any agreement to which he is a party or otherwise may be bound;

b. The Executive has not violated, and in connection with his employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which he is or may be bound; and

c. In connection with Executive's employment with the Company, he will not use any confidential or proprietary information that he may have obtained in connection with employment with any prior employer; and

d. The Executive has not (i) been convicted of any felony; or (ii) committed any criminal act with respect to Executive's current or any prior employment; and

e. The Executive is not dependent on alcohol or the illegal use of drugs. The Executive recognizes that Company shall have the right to conduct random drug testing of its employees and that Executive may be called upon in such a manner.

9. ***Agreement to Abide by Company Policies*** : By executing this Agreement, the Executive acknowledges and agrees to comply with any Company policies, standard operating procedures ("SOPs"), and additional agreements between the Executive and the Company which may be in effect from time to time, including, but not limited to (i) the Company's Code of Conduct; (ii) Company policies against harassment and discrimination; and (iii) the Company's Code of Ethics.

10. ***Taxes*** . All payments or transfers of property made by the Company to the Executive or his estate or beneficiaries shall be subject to the withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

11. ***Assignment*** . The Company shall have the right to assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any corporation or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said corporation or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or its rights and obligations hereunder. The Executive may not assign or transfer this Agreement or any rights or obligations hereunder, but Executive's rights hereunder shall inure to the benefit of his estate, executors, administrators and heirs.

12. ***Governing Law*** . This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey, without regard to principles of conflict of laws.

13. ***Jurisdiction and Venue*** . The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Somerset, New Jersey, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the parties irrevocably and unconditionally (i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement which is expressly permitted by the terms of this Agreement to be brought in a court of law, may be brought in the courts of record of the Superior Court of the State of New Jersey, Somerset County, or the court of the United States, District of New Jersey; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it or he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (iv) agrees that service of any court papers may be effected on such party by mail, as provided in this Agreement and as permitted by New Jersey or Federal law, or in such other manner as may be provided under applicable laws or court rules in such courts.

14. ***Entire Agreement*** . This Agreement, together with the exhibit attached hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company (or any of its Related Entities) with respect to such subject matter. This Agreement may not be modified in any way unless by a written instrument signed by both the Company and the Executive.

15. ***Notices*** . All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered by courier, sent by registered or certified mail, return receipt requested or sent by confirmed facsimile transmission addressed as set forth herein. Notices personally delivered, sent by facsimile or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given upon receipt by the addressee, as evidenced by the return receipt thereof. Notice shall be sent (i) if to the Company, addressed to, 10 Finderne Ave, Building 10, Bridgewater, NJ 08807-2265, Attention: General Counsel, and (ii) if to the Executive, to his address as reflected on the payroll records of the Company, or to such other address as either party shall request by notice to the other in accordance with this provision.

16. ***Benefits; Binding Effect.*** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where permitted and applicable, assigns, including, without limitation, any successor to the Company, whether by merger, consolidation, sale of stock, sale of assets or otherwise.

17. ***Right to Consult with Counsel; No Drafting Party*** . The Executive acknowledges having read and considered all of the provisions of this Agreement carefully, and having had the opportunity to consult with counsel of his own choosing, and, given this, the Executive agrees that the obligations created hereby are not unreasonable. The Executive acknowledges that he has had an opportunity to negotiate any and all of these provisions and no rule of construction shall be used that would interpret any provision in favor of or against a party on the basis of who drafted the Agreement.

18. ***Severability*** . The invalidity of any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, provisions or provisions, section or sections or article or articles had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

19. ***Waivers*** . The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

20. ***Damages; Attorneys' Fees*** . Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement. Each party shall bear its own costs and attorneys' fees.

21. ***Waiver of Jury Trial*** . The Executive hereby knowingly, voluntarily and intentionally waives any right that the Executive may have to a trial by jury in respect of any litigation arising out of, under or in connection with the express terms of this Agreement and any agreement, document or instrument contemplated to be executed in connection herewith.

22. ***No Set-off or Mitigation*** . The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set- off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In the event of any termination of the Executive's employment under this Agreement, he shall be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for hereunder.

23. ***Section Headings*** . The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

24. ***No Third Party Beneficiary*** . The Related Entities are intended third party beneficiaries of this Agreement. Otherwise, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Company, the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

25. ***Counterparts*** . This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument and agreement.

26. ***Indemnification*** .

a. Subject to limitations imposed by law, the Company shall indemnify and hold harmless the Executive to the fullest extent permitted by law from and against any and all claims, damages, expenses (including attorneys' fees), judgments, penalties, fines, settlements, and all other liabilities incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and to which the Executive was or is a party or is threatened to be made a party by reason of the fact that the Executive is or was an officer, employee or agent of the Company, or by reason of anything done or not done by the Executive in any such capacity or capacities, provided that the Executive acted in good faith, in a manner that was not grossly negligent or constituted willful misconduct and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Company also shall pay any and all expenses (including attorney's fees) incurred by the

Executive as a result of the Executive being called as a witness in his capacity as a current or former officer or director of the Company.

b. The Company shall pay any expenses (including attorneys' fees, judgments, penalties, fines, settlements, and other liabilities incurred by the Executive in investigating, defending, settling or appealing any action, suit or proceeding described in this Section 26) in advance of the final disposition of such action, suit or proceeding. The Company shall promptly pay the amount of such expenses to the Executive, but in no event later than ten days following the Executive's delivery to the Company of a written request for an advance pursuant to this Section 26, together with a reasonable accounting of such expenses.

c. The Executive hereby undertakes and agrees to repay to the Company any advances made pursuant to this Section 26 if and to the extent that it shall ultimately be found that the Executive is not entitled to be indemnified by the Company for such amounts.

d. The Company shall make the advances contemplated by this Section 26 regardless of the Executive's financial ability to make repayment, and regardless whether indemnification of the Executive by the Company will ultimately be required. Any advances and undertakings to repay pursuant to this Section 26 shall be unsecured and interest-free.

e. The provisions of this Section 26 shall survive the Term of Employment.

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

COMPANY:

Insmed Incorporated, a Virginia corporation

By: /s/ William H. Lewis
Name: William H. Lewis
Title: President and CEO

EXECUTIVE:
/s/ Paul Streck

Name: Paul Streck

Exhibit A

General Release of Claims

27. Paul Streck ("Executive"), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the consideration received pursuant to Sections 6(e) [and 6(g)] of the Employment Agreement (the "Severance Benefits") to which this release is attached as Exhibit A (the "Employment Agreement"), does hereby release and forever discharge Insmed Incorporated (the "Company"), its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers, employees, shareholders or agents in such capacities (collectively with the Company, the "Released Parties") from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Executive's employment or termination thereof, whether for tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Without limiting the generality of the release provided above, Executive expressly waives any and all claims under Age Discrimination in Employment Act (" ADEA' ') that he may have as of the date hereof. Executive further understands that, by signing this General Release of Claims, he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any rights to receive any payments or benefits to which the Executive is entitled under COBRA, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification and advancement rights Executive may have as a former employee, officer or director of the Company or its subsidiaries or affiliated companies (including any rights under Section 26 of the Employment Agreement or under the Company's charter or bylaws), (iv) any claims for benefits under any directors' and officers' liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy, (v) rights to vested benefits under the Company's 401(k) plan, and (vi) any rights as a holder of equity securities or debt securities/notes of the Company.

28. Executive represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of any lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Executive pursuant to paragraph 1 hereof; provided, that nothing herein shall prevent his from filing a charge or complaint with the Equal Employment Opportunity Commission ("EEOC") or similar federal or state agency or his ability to participate in any investigation or proceeding conducted by such agency. Executive does agree, however, that he is waiving his right to recover any money in connection with such an investigation or charge filed by his or by any other individual, or a charge filed by the Equal Employment Opportunity Commission or any other federal, state or local agency.

29. Executive acknowledges that, in the absence of his execution of this General Release of Claims, the Severance Benefits would not otherwise be due to his.

30. Executive acknowledges and agrees that he received adequate consideration in exchange for agreeing to the covenants contained in Section 7 of the Employment Agreement, that such covenants remain reasonable and necessary to protect the legitimate business interests of the Company and its affiliates and that he will continue to comply with those covenants.

31. Executive hereby acknowledges that the Company has informed his that he has up to 21 days to sign this General Release of Claims and he may knowingly and voluntarily waive that 21 day period by signing this General Release of Claims earlier. Executive also understands that he shall have seven days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to the Company in the manner described in Section 15 of the Employment Agreement.

32. Executive acknowledges and agrees that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the State of New Jersey applicable to contracts made and to be performed entirely within such State.

33. Executive acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this General Release of Claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

34. This General Release of Claims shall become irrevocable on the eighth day following Executive's execution of this General Release of Claims, unless previously revoked in accordance with paragraph 5, above.

Intending to be legally bound hereby, Executive has executed this General Release of Claims on May 12, 2017.

/s/ Paul Streck

INSMED INCORPORATED
2017 INCENTIVE PLAN

1. Purpose

The purpose of the Plan is to advance the interests of the Company by aligning the individual interests of employees, officers, non-employee directors and other service providers, in each case who are selected to be participants, to the interests of Company shareholders and by providing such individuals with an incentive to continue working toward and contributing to the success and progress of the Company. The Plan provides for the grant of Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units, any of which may be performance-based, and of Incentive Bonuses, which may be paid in cash or stock or a combination thereof and may be performance-based, as determined by the Administrator. The Plan replaces the existing Insmed Incorporated 2015 Incentive Plan (the "2015 Prior Plan") with respect to future awards granted by the Company, and no future awards will made under the 2015 Prior Plan after the Effective Date (as defined herein) of the Plan.

2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Administrator" means the Administrator of the Plan in accordance with Section 6 of the Plan.

(b) "Affiliate" means any entity in which the Company has a substantial direct or indirect equity interest, as determined by the Committee from time to time.

(c) "Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto.

(d) "Approval Date" has the meaning set forth in Section 4 of the Plan.

(e) "Award" means an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Incentive Bonus granted to a Participant pursuant to the provisions of the Plan.

(f) "Award Agreement" means any written or electronic agreement or other instrument evidencing any Award, which may (but need not) require execution or acknowledgment by a Participant.

(g) "Board" means the board of directors of the Company.

(h) "Change in Control" means the occurrence of any one of the following:

(1) any Person becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of at least 50% of either (A) the value of the then outstanding shares of Common Stock (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") (the foregoing beneficial ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this definition, the following acquisitions shall not constitute or result in a Change in Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date has

beneficial ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (3) below; or

(2) during any period of two consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs after the Effective Date as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the Persons who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "Acquiring Corporation") in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding the Acquiring Corporation or any employee benefit plan (or related trust) of the Company or such Acquiring Corporation) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the Board of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(4) the complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, to the extent an Award provides for deferred compensation under Section 409A of the Code and payment is made upon a Change in Control, no event or transaction will constitute a Change in Control hereunder unless it also constitutes a "change in control event" under Section 409A of the Code.

(i) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto, and the rulings and regulations issued thereunder.

(j) "Committee" means the Compensation Committee of the Board (or any successor committee).

(k) "Common Stock" means the common stock of the Company, par value $0.01 per share, or such other class or kind of shares or other securities as may be applicable under Section 15 of the Plan.

(l) "Company" means Insmed Incorporated, a Virginia corporation, and except as utilized in the definition of Change in Control, any successor corporation.

(m) "Dividend Equivalents" mean an amount payable in cash or Common Stock, as determined by the Administrator, with respect to a Restricted Stock Unit Award equal to what would have been received if the shares underlying the Award had been owned by the Participant.

(n) "Effective Date" has the meaning set forth in Section 4 of the Plan.

(o) "Fair Market Value" means as of any date, the value of the Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, system or market, the closing price for the Common Stock on such date (or if Common Stock was not traded on such exchange, system, or market on such date, then on the next preceding date on which shares of Common Stock were traded) as quoted on such exchange, system or market as reported in the Wall Street Journal or such other source as the Administrator deems reliable; and (ii) in the absence of an established market for the Common Stock, as determined in good faith by the Administrator by the reasonable application of a reasonable valuation method, taking into account factors consistent with Treas. Reg. § 409A-1(b)(5)(iv)(B) as the Administrator deems appropriate.

(p) "Freestanding SARs" has the meaning set forth in Section 9(a) of the Plan.

(q) "Full-Value Award" means an Award that results in the Company transferring the full value of a share of Common Stock under the Award, whether or not an actual share of stock is issued. Full-Value Awards shall include Restricted Stock, Restricted Stock Units, and Incentive Bonuses to the extent payable in Common Stock (including, but not limited to, Awards that are performance-based) for which the Company transfers the full value of a share of Common Stock under the Award, but shall not include Dividend Equivalents.

(r) "Incentive Bonus" means a bonus opportunity awarded under Section 11 of the Plan pursuant to which a Participant may become entitled to receive an amount based on satisfaction of such performance criteria established for a performance period of not less than one year, as are specified in the Award Agreement.

(s) "Incentive Stock Option" means a stock option that is designated as potentially eligible to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

(t) "Nonqualified Stock Option" means a stock option that is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

(u) "Option" means a stock option awarded under Section 8 of the Plan, which may be an Incentive Stock Option or a Nonqualified Stock Option.

(v) "Participant" means any individual described in Section 3 of the Plan to whom Awards have been granted or who has received a Substitute Award and any authorized transferee of such individual.

(w) "Performance Criteria" means the criteria (and adjustments) that the Administrator selects for an Award for purposes of establishing the Performance Goals for a Performance Period, which are limited to the following: (i) stock price appreciation, (ii) gross or net sales or revenue, (iii) operating profit, (iv) gross, operating or net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization); (v) costs, (vi) return on equity, (vii) return on assets, (viii) earnings per share, (ix) total earnings, (x) earnings growth, (xi) return on capital, (xii) return on assets, (xiii) return on sales, (xiv) cash flow (including, but not limited to, operating cash flow and free cash flow), (xv) book value per share, (xvi) market share, (xvii) economic value added, (xviii) market value added, (xix) productivity, (xx) level of expenses, (xxi) new product development, (xxii) regulatory body filings and/or approvals regarding commercialization of a product, (xxiii) implementation or completion of critical projects, (xxiv) achievement of developmental milestones, (xxv) clinical achievements (including initiating or completing phases of clinical studies), (xxvi) successful litigation outcomes, and (xxvii) development and/or acquisition of intellectual property, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(x) "Performance Goals" means, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The achievement of each Performance Goal shall be determined in accordance with U.S. generally accepted accounting principles as in effect from time to time.

(y) "Performance Period" means the period of time over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and payment of, an Award granted pursuant to Section 12(b) of the Plan.

(z) "Person" shall have the meaning given in Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(aa) "Plan" means the Insmed Incorporated 2017 Incentive Plan as set forth herein and as amended from time to time.

(bb) "Prior Plan" means the Insmed Incorporated 2013 Incentive Plan or the 2015 Prior Plan.

(cc) "Restricted Stock" means an Award or issuance of Common Stock the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or performance conditions) and terms as the Administrator deems appropriate.

(dd) "Restricted Stock Unit" means an Award denominated in units of Common Stock under which the issuance of shares of Common Stock (or cash payment in lieu thereof) is subject to such conditions (including continued employment or performance conditions) and terms as the Administrator deems appropriate.

(ee) "Separation from Service" means the termination of Participant's employment with the Company and all Subsidiaries that constitutes a "separation from service" within the meaning of Section 409A of the Code.

(ff) "Share Pool" has the meaning set forth in Section 5(a) of the Plan.

(gg) "Stock Appreciation Right" means a right granted pursuant to Section 9 of the Plan that entitles the Participant to receive, in cash or Common Stock or a combination thereof, value equal to the excess of (i) the aggregate market price of a specified number of shares of Common Stock at the time of exercise over (ii) the exercise price of the right, as established by the Administrator on the date of grant.

(hh) "Subsidiary" means any entity in which the Company, directly or indirectly, possesses 50% or more of the total combined voting power of all classes of its equity interests or, for Incentive Stock Options, a "subsidiary corporation" (as defined in Section 424(f) of the Code).

(ii) "Substitute Awards" means Awards granted or Common Stock issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

(jj) "Tandem SARs" has the meaning set forth in Section 9(a) of the Plan.

(kk) "2015 Prior Plan" has the meaning set forth in Section 1 of the Plan.

3. Eligibility

Any employee of the Company or an Affiliate (including an officer or director who is such an employee), member of the Board (whether or not such Board member is employed by the Company or an Affiliate), or other non-employee advisor or service provider of the Company or an Affiliate shall be eligible to receive an Award under the Plan. Notwithstanding the foregoing, a person who would otherwise be eligible to receive an Award under the Plan shall not be eligible in any jurisdiction where such person's participation in the Plan would be unlawful.

4. Effective Date and Termination of Plan

The Plan was adopted by the Board on April 3, 2017 (the "Approval Date"), and it will become effective when it is approved by the Company's shareholders (the "Effective Date"). All Awards granted under the Plan are subject to, and may not be exercised before, the approval of the Plan by the shareholders prior to the first (1st) anniversary of the Approval Date; provided that if such approval by the shareholders of the Company is not forthcoming prior to such date, all Awards previously granted under the Plan shall be void. The Plan shall remain available for the grant of Awards until the tenth (10th) anniversary of the Approval Date. Notwithstanding the foregoing, the Plan may be terminated at such earlier time as the Board may determine. Termination of the Plan will not affect the rights and obligations of the Participants and the Company arising under Awards theretofore granted.

5. Shares Subject to the Plan and to Awards

(a) *Aggregate Limits.* The aggregate number of shares of Common Stock issuable under the Plan (the "Share Pool") shall be equal to the sum of 5,000,000 shares of Common Stock plus any shares of Common Stock subject to outstanding awards under the Prior Plans as of the Effective Date

that, after the Effective Date, are canceled, terminate unearned, expire, are forfeited, lapse for any reason, or are settled in cash without the delivery of shares. On the grant date of an Award, the Share Pool shall be reduced either by 1 share of Common Stock for each share subject to an Award other than a Full-Value Award or by 1.25 shares of Common Stock for each share subject to a Full-Value Award. The aggregate number of shares of Common Stock available for grant under the Plan and the number of shares of Common Stock subject to Awards outstanding shall be subject to adjustment as provided in Section 15 of the Plan. The shares of Common Stock issued pursuant to Awards granted under the Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market.

(b) *Issuance of Shares.* The Share Pool shall be increased when and to the extent that an Award (or an award under any Prior Plan that is outstanding as of the Effective Date) is canceled, terminates unearned, expires, is forfeited, or lapses for any reason, or an Award (or an award under any Prior Plan that is outstanding as of the Effective Date) is settled in cash without the delivery of shares to the Participant, such that any shares of Common Stock subject to such Award (or such award under any Prior Plan that is outstanding as of the Effective Date) shall again be available for the grant of an Award pursuant to the Plan. Notwithstanding anything to the contrary contained herein, shares subject to an Award (or an award under any Prior Plan that is outstanding as of the Effective Date) shall not again be made available for issuance or delivery under the Plan if such shares are (a) shares tendered in payment of an Option, (b) shares delivered or withheld by the Company to satisfy any tax withholding obligation, or (c) shares covered by a stock-settled Stock Appreciation Right that were not issued upon full settlement. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Any shares of Common Stock with respect to Awards issued under the Plan (or awards issued under a Prior Plan) that again become available for future grants pursuant to this Section 5 shall be added back to the Share Pool as 1 share for each share subject to an Award other than a Full-Value Award or as 1.25 shares for each share subject to a Full-Value Award, and, for purposes of this sentence, awards issued under a Prior Plan shall be (i) considered Full-Value Awards if they would have been Full-Value Awards if issued under this Plan and (ii) added back to the Share Pool as 1 share in all other cases.

(c) *Tax Code Limits.* The aggregate number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options granted under the Plan shall not exceed 5,000,000 (subject to adjustment pursuant to Section 15 of the Plan). The aggregate number of shares of Common Stock subject to Awards granted under the Plan during any calendar year to any one Participant shall not exceed 1,500,000 (subject to adjustment pursuant to Section 15 of the Plan), which number shall not count any tandem SARs (as defined in Section 9 of the Plan). The maximum cash amount payable pursuant to that portion of an Incentive Bonus granted in any calendar year to any Participant under the Plan that is intended to satisfy the requirements for "performance- based compensation" under Section 162(m) of the Code shall not exceed $5,000,000. If an Award is conditioned on the attainment of Performance Goals during a Performance Period of more than 12 months' duration, then the limits of this Section 5(c), other than the one on Incentive Stock Options, are multiplied by the number of full or partial calendar years over which an applicable Performance Period spans.

(d) *Substitute Awards.* Substitute Awards shall not reduce the shares of Common Stock authorized for issuance under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Company or any Subsidiary, or with which the Company or any Subsidiary combines, has shares available under a pre-existing plan approved by such acquired company's shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula

used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Common Stock authorized for issuance under the Plan; provided that Awards using such available shares shall not be made after the last day awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were employees of such acquired or combined company before such acquisition or combination.

6. Administration of the Plan

(a) *Administrator of the Plan.* The Plan shall be administered by the Administrator who shall be the Committee, or, in the absence of the Committee, the Board itself. Any power of the Administrator may also be exercised by the Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Administrator, the Board action shall control. However, to the extent that the exercise of authority under the Plan would cause an Award intended to qualify as performance-based compensation under Section 162(m) of the Code not to qualify for such treatment, the Administrator shall be a committee comprised solely of two or more outside directors as determined under Treas. Reg. § 1.162-27(e)(3).

(b) *Powers of Administrator.* Subject to the express provisions of the Plan, the Administrator shall be authorized and empowered to do all things that it determines to be necessary or appropriate in connection with the administration of the Plan, including, without limitation:

(1) to prescribe, amend and rescind rules and regulations relating to the Plan and to define terms not otherwise defined herein;

(2) to determine which persons are eligible to receive Awards under the Plan, to which of such persons, if any, Awards shall be granted hereunder, and the timing of any such Awards;

(3) to prescribe and amend the terms of the Award Agreements, to grant Awards and determine the terms and conditions thereof;

(4) to establish and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, retention, vesting, exercisability or settlement of any Award;

(5) to prescribe and amend the terms of or form of any document or notice required to be delivered to the Company by Participants under the Plan;

(6) to determine the extent to which adjustments are required pursuant to Section 15 of the Plan;

(7) to interpret and construe the Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions if the Administrator, in good faith, determines that it is appropriate to do so;

(8) to approve corrections in the documentation or administration of any Award; and

(9) to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Administrator may, in its sole and absolute discretion, without amendment to the Plan but subject to the limitations otherwise set forth in Section 19 of the Plan, waive or amend the operation of Plan provisions respecting exercise after termination of employment or service to the Company or an Affiliate. The Administrator may, in its sole and absolute discretion and, except as otherwise provided in Section 19 of the Plan, waive, settle or adjust any of the terms of any Award so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of an applicable stock exchange, disruption of communications or natural catastrophe).

(c) *Determinations by the Administrator.* All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of or operation of any Award granted hereunder, shall be final and binding on all Participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the Plan or any Award. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select. Members of the Board and members of the Committee acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

(d) *Delegation of Authority.* To the maximum extent permitted by applicable law, the Committee may by resolution delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to perform any or all things that the Administrator is authorized and empowered to do or perform under the Plan, and for all purposes under the Plan, such officer or officers shall be treated as the Administrator; provided, however, that the resolution so authorizing such officer or officers shall specify the total number of Awards (if any) such officer or officers may award pursuant to such delegated authority; and provided further that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, individuals who are subject to Section 16 of the Act or have the title of Vice President or above. No such officer shall designate himself or herself as a recipient of any Awards granted under authority delegated to such officer. In addition, the Administrator may delegate any or all aspects of the day-to-day administration of the Plan to one or more officers or employees of the Company or any Subsidiary, and/or to one or more agents. However, no delegation shall be made that would cause an Award intended to qualify as performance-based compensation under Section 162(m) of the Code not to qualify for such treatment.

(e) *Subsidiary Awards.* In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Administrator so directs, be implemented by the Company issuing any subject shares of Common Stock to the Subsidiary, for such lawful consideration as the Administrator may determine, upon the condition or understanding that the Subsidiary will transfer the shares of Common Stock to the Participant in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Administrator shall determine.

7. Plan Awards

(a) *Terms Set Forth in Award Agreement.* The terms and conditions of each Award shall be set forth in an Award Agreement in a form approved by the Administrator for such Award, which Award Agreement may contain such terms and conditions as specified from time to time by the Administrator, provided such terms and conditions do not conflict with the Plan. The Award Agreement for any Award, as applicable, shall include the time or times at or within which and the

consideration, if any, for which any shares of Common Stock may be acquired from the Company. The terms of Awards may vary among Participants, and the Plan does not impose upon the Administrator any requirement to make Awards subject to uniform terms. Accordingly, the terms of individual Award Agreements may vary.

(b) *Separation from Service.* Subject to the express provisions of the Plan, the Administrator shall specify before, at, or after the time of grant of an Award the provisions governing the effect(s) upon an Award of a Participant's Separation from Service or other termination of employment.

(c) *Rights of a Shareholder.* A Participant shall have no rights as a shareholder with respect to shares of Common Stock covered by an Award until the date the Participant becomes the holder of record of such shares of Common Stock. No adjustment shall be made for dividends or other rights for which the record date is prior to such date, except as provided in Section 10(b) or Section 15 of the Plan or as otherwise provided by the Administrator.

(d) *Minimum Vesting.* Notwithstanding anything in the Plan to the contrary, all Awards granted under the Plan shall be subject to a vesting period of not less than one year from the date of grant; *provided* , that up to 500,000 shares of Common Stock may be issued pursuant to Awards that are not subject to the minimum vesting requirement set forth in this Section 7(d); *provided, further* , that the minimum vesting requirement set forth in this Section 7(d) shall not apply with respect to Substitute Awards or with respect to Awards that vest in connection with a Change in Control or upon a Participant's death, disability, or involuntary termination of employment.

(e) *No Payment of Dividends Prior to Vesting.* Notwithstanding anything in the Plan to the contrary, to the extent a Participant is eligible to receive dividends or Dividend Equivalents with respect to an Award granted under the Plan, such dividends or Dividend Equivalents shall in no case be paid to the Participant before the vesting date of the portion of the Award to which such dividends or Dividend Equivalents relate.

8. Options

(a) *Grant, Term and Price.* The grant, issuance, retention, vesting and/or settlement of any Option shall occur at such time and be subject to such terms and conditions as determined by the Administrator or under criteria established by the Administrator, which may include conditions based on continued employment, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions in accordance with Section 12 of the Plan. The term of an Option shall in no event be greater than ten years; provided, however, the term of an Option (other than an Incentive Stock Option) shall be automatically extended if, at the time of its scheduled expiration, the Participant holding such Option is prohibited by law or the Company's insider trading policy from exercising the Option, which extension shall expire on the thirtieth (30th) day following the date such prohibition no longer applies. The Administrator will establish the price at which Common Stock may be purchased upon exercise of an Option, which, in no event will be less than the Fair Market Value of such shares on the date of grant; provided, however, that the exercise price per share of Common Stock with respect to an Option that is granted as a Substitute Award may be less than the Fair Market Value of the shares of Common Stock on the date such Option is granted if such exercise price is based on a formula set forth in the terms of the options held by such optionees or in the terms of the agreement providing for such merger or other acquisition that satisfies the requirements of Section 409A and/or Section 424 of the Code, as applicable. The exercise price of any Option may be paid in cash or such other method as determined by the Administrator, including an irrevocable commitment by a broker to pay over such amount from a sale of the Shares issuable under an Option, the delivery of previously owned shares of Common Stock or withholding of shares of Common Stock deliverable upon exercise.

(b) *No Repricing without Shareholder Approval.* Other than in connection with a change in the Company's capitalization (as described in Section 15 of the Plan), at any time when the exercise price of an Option is above the Fair Market Value of a share of Common Stock, the Company shall not, without shareholder approval, (i) reduce the exercise price of such Option, (ii) exchange such Option for cash, another Award or a new Option or Stock Appreciation Right with a lower exercise or base price or (iii) otherwise reprice such Option.

(c) *No Reload Grants.* Options shall not be granted under the Plan in consideration for and shall not be conditioned upon the delivery of shares of Common Stock to the Company in payment of the exercise price and/or tax withholding obligation under any other employee stock option.

(d) *Incentive Stock Options.* Notwithstanding anything to the contrary in this Section 8, in the case of the grant of an Option intended to qualify as an Incentive Stock Option, if the Participant owns stock possessing more than 10% of the combined voting power of all classes of stock of the Company, the exercise price of such Option must be at least 110% of the Fair Market Value of the shares of Common Stock on the date of grant and the Option must expire within a period of not more than five (5) years from the date of grant. Notwithstanding anything in this Section 8 to the contrary, options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Nonqualified Stock Options) to the extent that either (a) the aggregate Fair Market Value of shares of Common Stock (determined as of the time of grant) with respect to which such Options become exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Subsidiary) exceeds $100,000, taking Options into account in the order in which they were granted, or (b) such Options otherwise remain exercisable but are not exercised within three (3) months (or such other period of time provided in Section 422 of the Code) of separation of service (as determined in accordance with Section 3401(c) of the Code).

(e) *No Shareholder Rights.* Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of an Option or any shares of Common Stock subject to an Option until the Participant has become the holder of record of such shares.

9. Stock Appreciation Rights

(a) *General Terms.* The grant, issuance, retention, vesting and/or settlement of any Stock Appreciation Right shall occur at such time and be subject to such terms and conditions as determined by the Administrator or under criteria established by the Administrator, which may include conditions based on continued employment, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions in accordance with Section 12 of the Plan. Stock Appreciation Rights may be granted to Participants from time to time either in tandem with or as a component of Options granted under the Plan ("tandem SARs") or not in conjunction with other Awards ("freestanding SARs"). Upon exercise of a tandem SAR as to some or all of the shares covered by the grant, the related Option shall be canceled automatically to the extent of the number of shares covered by such exercise. Conversely, if the related Option is exercised as to some or all of the shares covered by the grant, the related tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the Option exercise. Any Stock Appreciation Right granted in tandem with an Option may be granted at the same time such Option is granted or at any time thereafter before exercise or expiration of such Option, provided that the Fair Market Value of Common Stock on the date of the tandem SAR's grant is not greater than the exercise price of the related Option. All freestanding SARs shall be granted subject to the same terms and conditions applicable to Options as set forth in Section 8 of the Plan and all tandem SARs shall have the same exercise price as the Option to which they relate. Subject to the provisions of Section 8 of the Plan and the immediately preceding sentence, the Administrator may impose such other conditions or restrictions

on any Stock Appreciation Right as it shall deem appropriate. Stock Appreciation Rights may be settled in Common Stock, cash or a combination thereof, as determined by the Administrator and set forth in the applicable Award Agreement.

(b) *No Repricing without Shareholder Approval.* Other than in connection with a change in the Company's capitalization (as described in Section 15 of the Plan), at any time when the exercise price of a Stock Appreciation Right is above the Fair Market Value of a share of Common Stock, the Company shall not, without shareholder approval (i) reduce the exercise or base price of such Stock Appreciation Right, (ii) exchange such Stock Appreciation Right for cash, another Award or a new Option or Stock Appreciation Right with a lower exercise or base price or (iii) otherwise reprice such Stock Appreciation Right.

(c) *No Shareholder Rights.* Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of an Award of Stock Appreciation Rights or any shares of Common Stock subject to an Award of Stock Appreciation Rights until the Participant has become the holder of record of such shares.

10. Restricted Stock and Restricted Stock Units

(a) *Vesting and Performance Criteria.* The grant, issuance, retention, vesting and/or settlement of any Restricted Stock or Restricted Stock Unit Award shall occur at such time and be subject to such terms and conditions as determined by the Administrator or under criteria established by the Administrator, which may include conditions based on continued employment, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions in accordance with Section 12 of the Plan.

(b) *Dividends and Distributions.* Participants in whose name Restricted Stock is granted shall be entitled to receive all dividends and other distributions paid with respect to those shares of Common Stock, unless determined otherwise by the Administrator. The Administrator will determine whether any such dividends or distributions will be automatically reinvested in additional Restricted Stock and/or subject to the same restrictions on transferability as the Restricted Stock with respect to which they were distributed or whether such dividends or distributions will be paid in cash. Unless otherwise provided in the Award Agreement, during the period prior to shares being issued in the name of a Participant under any Restricted Stock Unit, the Company shall pay or accrue Dividend Equivalents on each date dividends on Common Stock are paid, subject to such conditions as the Administrator may deem appropriate. The time and form of any such payment of Dividend Equivalents shall be specified in the Award Agreement. Notwithstanding anything herein to the contrary, in no event will dividends or Dividend Equivalents be paid (i) prior to the time specified in Section 7(e) with respect to any unvested Award of Restricted Stock or Restricted Stock Units or (ii) during the performance period with respect to unearned Awards of Restricted Stock or Restricted Stock Units that are subject to performance-based vesting criteria. Dividends or Dividend Equivalents accrued on shares underlying Awards of Restricted Stock or Restricted Stock Units subject to performance-based vesting criteria shall become payable no earlier than the date the performance-based vesting criteria have been achieved and the underlying shares or Restricted Stock Units have been earned.

(c) *Voting Rights.* Unless otherwise determined by the Administrator, Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those shares during the period of restriction. Participants shall have no voting rights with respect to shares of Common Stock underlying Restricted Stock Units unless and until such shares are reflected as issued and outstanding shares on the Company's stock ledger.

11. Incentive Bonuses

(a) *Performance Criteria.* The Administrator shall establish the performance criteria and level of achievement versus these criteria that shall determine the amount payable under an Incentive Bonus, which may include a target, threshold and/or maximum amount payable and any formula for determining such maximum amount payable, and which criteria may be based on performance conditions in accordance with Section 12 of the Plan or other performance criteria. The Administrator may specify whether and to what extent an Incentive Bonus is intended to satisfy the requirements for "performance based compensation" under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, any Incentive Bonus that is intended by the Administrator to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be subject to Section 12(b) of the Plan.

(b) *Timing and Form of Payment.* The Administrator shall determine the timing of payment of any Incentive Bonus. Payment of the amount due under an Incentive Bonus may be made in cash or in Common Stock, as determined by the Administrator.

(c) *Discretionary Adjustments.* Notwithstanding satisfaction of any performance goals and subject to Section 12(b) of the Plan, the amount paid under an Incentive Bonus on account of either financial performance or personal performance evaluations may be adjusted by the Administrator on the basis of such further considerations as the Administrator shall determine.

12. Qualifying Performance-Based Compensation

(a) *General.* The Administrator may establish performance criteria and level of achievement versus such criteria that shall determine the number of Options, Stock Appreciation Rights or shares of Common Stock to be granted, retained, vested, issued or issuable under or in settlement of, or the cash amount payable pursuant to, an Award, which criteria may be based on Performance Criteria or other standards of financial performance and/or personal performance evaluations.

(b) *Performance-Based Compensation Under Section 162(m) of the Code.* The Administrator may determine, at the time an Award of Restricted Stock, Restricted Stock Units or an Incentive Bonus, is granted, whether such Award is intended to qualify as "performance-based compensation" under Section 162(m) of the Code. For any Award intended to qualify as "performance based compensation" under Section 162(m) of the Code, the following provisions shall apply:

(1) *Establishment of Performance Goals.* During the first 90 days of a Performance Period (or, if shorter, within the maximum period allowed under Section 162(m) of the Code), the Administrator shall, in writing, (A) select the Performance Criteria applicable to the Performance Period, (B) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (C) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each designated Participant for such Performance Period.

(2) *Adjustments.* The Administrator may, in its sole discretion, provide that that any evaluation of performance under a Performance Goal shall include or exclude any of the following events that occurs during the Performance Period: (A) the effects of charges for restructurings, discontinued operations, unusual or infrequently occurring items, (B) items of gain, loss or expense determined to be unusual in nature or related to the disposal of a segment of a business or related to a change in accounting principle, (C) the cumulative effect of accounting change, (D) asset write-downs, (E) litigation, claims, judgments, settlements or

loss contingencies, (F) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (G) accruals for reorganization and restructuring programs, (H) accruals of any amounts for payment under the Plan or any other compensation arrangement maintained by the Company, (I) items relating to financing activities, (J) items related to acquisitions, (K) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period, (L) items attributable to the business operating of any entity acquired by the Company during the Performance Period, (M) items related to amortization of acquired intangible assets, (N) items that are outside the scope of the Company's core, on-going business activities, or (O) any other items of significant income or expense which are determined to be appropriate adjustments. For all Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

(3) *Certification.* Following the completion of the Performance Period, the Administrator shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period.

(4) *Negative Discretion.* In determining the amount earned under such Awards, the Administrator shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant, including the assessment of individual or corporate performance for the Performance Period.

(5) *Payment of Performance Based Compensation.* Unless otherwise provided in the applicable Award Agreement, a Participant shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such period are achieved.

13. Deferral of Payment and Section 409A

The Administrator may, in an Award Agreement or otherwise, provide for the deferred delivery of shares of Common Stock upon settlement, vesting or other events with respect to Restricted Stock or Restricted Stock Units, or in payment or satisfaction of an Incentive Bonus. Notwithstanding anything herein to the contrary, the Administrator may, in its sole discretion, deny any deferral of the delivery of shares of Common Stock or any other payment with respect to any Award if the Administrator determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code. The Plan and each Award Agreement shall be interpreted such that each Award complies with, or is exempt from, Section 409A of the Code. However, the Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Administrator or the Board.

14. Conditions and Restrictions Upon Securities Subject to Awards

The Administrator may provide that the Common Stock issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Administrator in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions and method of payment for the Common Stock issued upon exercise, vesting or settlement of such Award (including the actual or constructive surrender of

Common Stock already owned by the Participant) or payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued under an Award, including without limitation (i) restrictions under an insider trading policy or pursuant to applicable law, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and holders of other Company equity compensation arrangements, (iii) restrictions as to the use of a specified brokerage firm for such resales or other transfers and (iv) provisions requiring Common Stock be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

15. Adjustment of and Changes in the Stock; Change in Control

(a) *Adjustments Upon Certain Unusual or Nonrecurring Events.* The number and kind of shares of Common Stock available for issuance under the Plan (including under any Awards then outstanding), and the number and kind of shares of Common Stock subject to the limits set forth in Section 5 of the Plan, shall be equitably adjusted by the Administrator to reflect any reorganization, reclassification, combination of shares, stock split, reverse stock split, spin-off, dividend or distribution of securities, property or cash (other than regular, quarterly cash dividends), or any other event or transaction that affects the number or kind of shares of Common Stock outstanding. Such adjustment may be designed to comply with Section 424 of the Code or may be designed to treat the shares of Common Stock available under the Plan and subject to Awards as if they were all outstanding on the record date for such event or transaction or to increase the number of such shares of Common Stock to reflect a deemed reinvestment in shares of Common Stock of the amount distributed to the Company's security holders. The terms of any outstanding Award shall also be equitably adjusted by the Administrator as to price, number or kind of shares of Common Stock subject to such Award, vesting, and other terms to reflect the foregoing events, which adjustments need not be uniform as between different Awards or different types of Awards. No fractional shares of Common Stock shall be issued pursuant to such an adjustment.

(b) *Adjustments Upon Other Events.* In the event there shall be any other change in the number or kind of outstanding shares of Common Stock, or any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, by reason of a Change in Control, other merger, consolidation or otherwise, then the Administrator shall determine the appropriate and equitable adjustment to be effected, which adjustments need not be uniform between different Awards or different types of Awards. In addition, in the event of such change described in this paragraph, the Administrator may accelerate the time or times at which any Award may be exercised, consistent with and as otherwise permitted under Section 409A of the Code, and may provide for cancellation of such accelerated Awards that are not exercised within a time prescribed by the Administrator in its sole discretion.

(c) *Change in Control.* Unless otherwise provided in the applicable Award Agreement, in the event of a Change in Control after the Effective Date, unless provision is made in connection with the Change in Control for (i) assumption of Awards previously granted or (ii) substitution for such Awards of new awards covering stock of a successor corporation or its "parent corporation" (as defined in Section 424(e) of the Code) or "subsidiary corporation" (as defined in Section 424(f) of the Code) with appropriate adjustments as to the number and kinds of shares and the exercise prices, if applicable, (A) the Administrator shall make an adjustment to any or all Awards as the Administrator deems appropriate to reflect such Change in Control or (B) (1) in the case of an Option or Stock Appreciation Right, the Participant shall have the ability to exercise such Option or Stock Appreciation Right, including any portion of the Option or Stock Appreciation Right not previously exercisable, and the unexercised portion of such Option or Stock Appreciation Right shall be cancelled upon

consummation of the Change in Control; (2) in the case of an Award subject to performance conditions in accordance with Section 12 of the Plan, the Participant shall have the right to receive a payment based on performance through a date determined by the Administrator prior to the Change in Control (unless such performance cannot be determined, in which case the Participant shall have the right to receive a payment equal to the target amount payable); and (3) in the case of outstanding Restricted Stock and/or Restricted Stock Units not subject to performance conditions, all conditions to the grant, issuance, retention, vesting or transferability of or any other restrictions applicable to, such Award shall immediately lapse.

(d) *Termination Following a Change in Control.* Unless otherwise expressly provided for in the Award Agreement or another contract, including an employment agreement, or under the terms of a transaction constituting a Change in Control, the following shall occur upon a Participant's involuntary termination of employment within twenty-four (24) months following a Change in Control, provided that such termination does not result from the Participant's termination for disability, cause or gross misconduct: (i) in the case of an Option or Stock Appreciation Right, each Option or Stock Appreciation Right shall immediately become exercisable and shall remain exercisable for the lesser of three (3) years following such termination (but no later than the expiration of such Option or Stock Appreciation Right); (ii) in the case of an Award subject to performance conditions in accordance with Section 12 of the Plan, the Participant shall have the right to receive a payment based on performance through a date determined by the Administrator prior to the Change in Control (unless such performance cannot be determined, in which case the Participant shall have the right to receive a payment equal to the target amount payable); and (iii) in the case of outstanding Restricted Stock and/or Restricted Stock Units not subject to performance conditions, all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse.

(e) The Company shall notify Participants holding Awards subject to any adjustments pursuant to this Section 15 of such adjustment, but (whether or not notice is given) such adjustment shall be effective and binding for all purposes of the Plan.

16. Transferability

No Award may be sold, transferred for value, pledged, assigned, or otherwise alienated or hypothecated by a Participant other than by will or the laws of descent and distribution, and each Option or Stock Appreciation Right shall be exercisable only by the Participant during his or her lifetime. Notwithstanding the foregoing, outstanding Options may be exercised following the Participant's death by the Participant's beneficiaries or as permitted by the Administrator.

17. Compliance with Laws and Regulations

The Plan, the grant, issuance, vesting, exercise and settlement of Awards hereunder, and the obligation of the Company to sell, issue or deliver shares of Common Stock under such Awards, shall be subject to all applicable foreign, federal, state and local laws, rules and regulations, stock exchange rules and regulations, and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant's name or deliver Common Stock prior to the completion of any registration or qualification of such shares under any foreign, federal, state or local law or any ruling or regulation of any government body which the Administrator shall determine to be necessary or advisable. To the extent the Company is unable to or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Common Stock hereunder, the Company and its Subsidiaries shall be relieved of any liability with respect to the failure to issue or sell such shares of Common Stock as to which such requisite authority

shall not have been obtained. No Option shall be exercisable and no Common Stock shall be issued and/or transferable under any other Award unless a registration statement with respect to the Common Stock underlying such Option is effective and current or the Company has determined that such registration is unnecessary.

In the event an Award is granted to or held by a Participant who is employed or providing services outside the United States, the Administrator may, in its sole discretion, modify the provisions of the Plan or of such Award as they pertain to such individual to comply with applicable foreign law or practice, to recognize differences in local law, currency or tax policy, or to foster and promote achievement of the purposes of the Plan locally. The Administrator may also amend the terms of Awards and impose conditions on the grant, issuance, exercise, vesting, settlement or retention of Awards in order to comply with such foreign law or practice, to achieve such purposes, and/or to minimize the Company's obligations with respect to tax equalization for Participants employed outside their home country.

18. Withholding

To the extent required by applicable federal, state, local or foreign law, the Administrator may and/or a Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise with respect to any Award, or the issuance or sale of any shares of Common Stock. The Company shall not be required to recognize any Participant rights under an Award, to issue shares of Common Stock or to recognize the disposition of such shares of Common Stock until such obligations are satisfied. To the extent permitted or required by the Administrator, these obligations may or shall be satisfied by the Company withholding cash from any compensation otherwise payable to or for the benefit of a Participant, the Company withholding a portion of the shares of Common Stock that otherwise would be issued to a Participant under such Award or any other award held by the Participant or by the Participant tendering to the Company cash or, if allowed by the Administrator, shares of Common Stock.

19. Amendment of the Plan or Awards

The Board may amend, alter or discontinue the Plan and the Administrator may amend, or alter any agreement or other document evidencing an Award made under the Plan but, except as provided pursuant to the provisions of Section 15 of the Plan, no such amendment shall, without the approval of the shareholders of the Company:

(a) increase the maximum number of shares of Common Stock for which Awards may be granted under the Plan;

(b) reduce the price at which Options may be granted below the price provided for in Section 8(a) of the Plan;

(c) reprice outstanding Options or Stock Appreciation Rights as described in 8(b) and 9(b);

(d) extend the term of the Plan;

(e) change the class of persons eligible to be Participants; or

(f) otherwise amend the Plan in any manner requiring shareholder approval by law or the rules of any stock exchange or market or quotation system on which the Common Stock is traded, listed or quoted.

No amendment or alteration to the Plan or an Award or Award Agreement shall be made which would impair the rights of the holder of an Award, without such holder's consent, provided that no such consent shall be required if the Administrator determines in its sole discretion and prior to the date of any Change in Control that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

20. No Liability of Company

The Company, any Subsidiary or Affiliate which is in existence or hereafter comes into existence, the Board and the Administrator shall not be liable to a Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary for the lawful issuance and sale of any shares of Common Stock hereunder; and (b) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted hereunder.

21. Non-Exclusivity of Plan

Neither the adoption of the Plan by the Board nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, including without limitation, the granting of inducement or retention shares or stock options otherwise than under the Plan or an arrangement not intended to qualify under Section 162(m) of the Code, and such arrangements may be either generally applicable or applicable only in specific cases.

22. Governing Law

The Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the Commonwealth of Virginia (without regard to any rule or principle of conflicts of laws that otherwise would result in the application of the substantive laws of another jurisdiction) and applicable federal law. Any reference in the Plan or in the agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

23. No Right to Employment, Reelection or Continued Service

Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its Affiliates to terminate any Participant's employment, service on the Board or service for the Company at any time or for any reason not prohibited by law, nor shall the Plan or an Award itself confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither an Award nor any benefits arising under the Plan shall constitute an employment contract with the Company, any Subsidiary and/or its Affiliates. Subject to Sections 4 and 19 of the Plan, the Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board without giving rise to any liability on the part of the Company, its Subsidiaries and/or its Affiliates.

24. Forfeiture upon Termination of Employment

Except as otherwise provided by the Administrator in the Award Agreement, unvested Awards shall be forfeited immediately if the Participant terminates his or her employment with the Company, a Subsidiary or an Affiliate for any reason.

25. Specified Employee Delay

To the extent any payment under the Plan is considered deferred compensation subject to the restrictions contained in Section 409A of the Code, such payment may not be made to a specified employee (as determined in accordance with a uniform policy adopted by the Company with respect to all arrangements subject to Section 409A of the Code) upon Separation from Service before the date that is six months after the specified employee's Separation form Service (or, if earlier, the specified employee's death). Any payment that would otherwise be made during this period of delay shall be accumulated and paid on the sixth month plus one day following the specified employee's Separation from Service (or, if earlier, as soon as administratively practicable after the specified employee's death).

26. No Liability of Committee Members

No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

27. Severability

If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

28. Unfunded Plan

The Plan is intended to be an unfunded plan. Participants are and shall at all times be general creditors of the Company with respect to their Awards. If the Administrator or the Company chooses to set aside funds in a trust or otherwise for the payment of Awards under the Plan, such funds shall at all times be subject to the claims of the creditors of the Company in the event of its bankruptcy or insolvency.

29. Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

30. Recoupment Policy

Subject to the terms and conditions of the Plan, the Administrator may provide that any Participant and/or any Award, including any shares of Common Stock subject to an Award, is subject to any recovery, recoupment, clawback and/or other forfeiture policy maintained by the Company from time to time.

Exhibit 10.4

INSMED INCORPORATED
RESTRICTED UNIT AWARD AGREEMENT
UNDER THE 2017 INCENTIVE PLAN
FOR MEMBERS OF THE BOARD OF DIRECTORS

Grantee Name:
Number of RSUs:
Grant Date:

Pursuant to the Insmed Incorporated 2017 Incentive Plan (the "Plan") as amended through the date hereof and this Restricted Stock Unit Award Agreement (this "Agreement"), Insmed Incorporated (the "Company") hereby grants an award of restricted stock units (the "Restricted Stock Units" or the "RSU Award") to the individual named above (the "Grantee"). The RSU Award shall be referred to herein as the "Award." Subject to the restrictions and conditions set forth herein and in the Plan, the Grantee shall receive the number of Restricted Stock Units specified above.

The Company acknowledges the receipt from the Grantee of consideration with respect to the par value of the shares of Common Stock subject to the Award in the form of cash, past or future services rendered to the Company by the Grantee or such other form of consideration as is acceptable to the Administrator and permitted under the Plan and applicable law.

1. Agreement with Terms. Execution of this Agreement by the Grantee or receipt of any benefits under this Agreement by the Grantee shall constitute the Grantee's acknowledgement of and agreement with all of the provisions of this Agreement and of the Plan that are applicable to this Award, and the Company shall administer this Agreement accordingly.

2. Restrictions and Conditions on Award. Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by the Grantee other than by will or the laws of descent and distribution, and shall be subject to all the terms, conditions and restrictions set forth herein and in the Plan.

3. Timing and Form of Payout of Restricted Stock Units. As soon as practicable (but in no event later than 30 days) following the Vesting Date (as defined below) or, if earlier, the date the Award vests in accordance with Section 5 or Section 6 of this Agreement, the vested Restricted Stock Units shall be settled in shares of Common Stock.

4. Vesting of Award. Except as set forth in Section 5 of this Agreement, the restrictions and conditions in Section 2 of this Agreement shall lapse, with respect to 100% of the RSU Award, on the first anniversary of the Grant Date (the "Vesting Date") so long as (a) the Grantee remains a member of the Board on such Vesting Date and (b) the Grantee attends at least seventy-five percent (75%) of the Board meetings that take place during the period of time commencing from the Grant Date and ending on the first anniversary of the Grant Date.

Except as otherwise provided in Sections 5 and 6 of this Agreement, the Grantee shall forfeit any unvested portion of the RSU Award if either the following shall occur: (i) in the event the Grantee's service as a member of the Board is terminated for any reason prior to the Vesting Date; or (ii) in the event that the Grantee fails to attend at least seventy-five percent (75%) of the Board meetings that take place during the period of time commencing from the Grant Date and ending on the first anniversary of the Grant Date.

Notwithstanding anything to the contrary herein or in the Plan, the Administrator may at any time accelerate the vesting schedule specified in this Section 4.

5. Change in Control . In the event of a Change in Control of the Company, the unvested portion of the RSU Award, to the extent not previously forfeited or cancelled, shall immediately vest as of the date of such Change in Control.

6. Termination of Service . Except as otherwise provided herein, any unvested portion of the RSU Award shall be forfeited without payment of consideration upon the termination of the Grantee's service with the Company or its Affiliates for any reason, except as otherwise provided in this Section 6. Notwithstanding the foregoing, upon the Grantee's death (while an active member of the Board) or upon the termination of the Grantee's service due to Disability (as defined below), the RSU Award to extent not previously forfeited or cancelled, shall immediately vest as of the date of the Grantee's death or Disability. For purposes of this Agreement, the Grantee will be considered "Disabled" if, as a result of the Grantee's incapacity due to physical or mental illness, the Grantee shall have been absent from his duties to the Company or its Affiliates on a full-time basis for 180 calendar days in the aggregate in any 12-month period.

7. Voting Rights and Dividends . If and until such time as Restricted Stock Units are paid out in shares of Common Stock (if at all), the Grantee shall not have any voting rights with respect to any shares of Common Stock underlying this RSU Award ("Underlying Shares"). However, bookkeeping equivalents of all dividends and other distributions paid with respect to the Common Stock shall accrue with respect to the Underlying Shares and shall be converted to additional Restricted Stock Units (rounded to the nearest whole share of Common Stock) based on the closing price of the Common Stock on the dividend distribution date. Such additional Restricted Stock Units shall be subject to the same restrictions on transferability as are the Restricted Stock Units with respect to which they were paid.

8. Adjustments Upon Certain Unusual or Nonrecurring Events or Other Events . Upon certain unusual or nonrecurring events, or other events, the terms of these Restricted Stock Units shall be adjusted by the Administrator pursuant to Section 15 of the Plan.

9. Incorporation of Plan . Notwithstanding anything herein to the contrary, this Award and this Agreement shall be subject to and governed by all the terms and conditions of the Plan. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

10. Taxes. The Grantee is ultimately liable and responsible for all taxes owed by Grantee in connection with this RSU Award. The Company makes no representation or undertaking regarding the tax treatment of the grant, vesting, or settlement of this RSU Award or the subsequent sale of any of the Underlying Shares. The Company does not commit and is under no obligation to structure this RSU Award to reduce or eliminate Grantee's tax liability.

11. Section 409A of the Code. This Award is intended to comply with the requirements of Section 409A of the Code or an exemption thereto, and this Agreement shall be interpreted in a manner consistent with this intent in order to avoid the imposition of any additional tax, interest or penalties under Section 409A of the Code. In no event shall the Company be liable for any additional tax, interest or penalties that may be imposed on the Grantee pursuant to Section 409A of the Code or any damages for failing to comply with Section 409A of the Code or an exemption thereto.

12. No Right to Re-Election or Continued Service. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its Affiliates to terminate the Grantee's service on the Board at any time or for any reason in accordance with the Company's Bylaws and governing law, nor shall any terms of the Plan or this Agreement confer upon Grantee any right to continue his or her service for any specified period of time. Neither this Agreement nor any benefits arising under the Plan shall constitute an employment contract with the Company, any Subsidiary and/or its Affiliates.

13. Notices. Any notice or other communication given pursuant to this Agreement shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Company at its principal place of business or to the Grantee at the address on the Company's records or, in either case, at such other address as one party may subsequently furnish to the other party in writing. Additionally, if such notice or communication is by the Company to the Grantee, the Company may provide such notice electronically (including via email). Any such notice shall be deemed to have been given (a) on the date of postmark, in the case of notice by mail, or (b) on the date of delivery, if delivered in person or electronically.

INSMED INCORPORATED

By: _____
Name: [NAME]
Title: [TITLE]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned.

Dated: _____ By: _____

Exhibit 10.5

INSMED INCORPORATED
NON-QUALIFIED STOCK OPTION AGREEMENT
UNDER THE 2017 INCENTIVE PLAN

No. of shares subject to Option:

THIS AGREEMENT dated this , between INSMED INCORPORATED, a Virginia corporation (the "Company"), and ("Participant"), is made pursuant and subject to the provisions of the Insmed Incorporated 2017 Incentive Plan, as amended (the "Plan"), a copy of which has been made available to the Participant. All terms used herein that are defined in the Plan have the same meaning given them in the Plan.

If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of any employment, consulting or similar services agreement between the Participant and the Company (or any of its Affiliates, as applicable) as may be in effect (the "Service Agreement"), the Service Agreement shall control, and this Award Agreement shall be deemed to be modified accordingly so long as such modification is not expressly prohibited by the Plan.

1. **Grant of Option** . Pursuant to the Plan, the Company, on (the "Date of Grant"), granted to Participant, subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the right and Option to purchase from the Company all or any part of an aggregate of shares of Common Stock at the Option price of per share, being not less than the Fair Market Value of such shares on the Date of Grant. This Option is intended to be a nonqualified stock option and not an "incentive stock option" within the meaning of Section 422 of the Code. This Option is exercisable as hereinafter provided.

2. **Terms and Conditions** . This Option is subject to the following terms and conditions:

a. **Expiration Date** . This Option shall expire ten years from the Date of Grant (the "Expiration Date").

b. **Exercise of Option** . Except as provided in paragraphs 3, 4 and 5, this Option shall be exercisable with respect to twenty-five percent (25%) of the shares of Common Stock subject to this Option on the first annual anniversary of the Date of Grant (the "First Anniversary Date") and with respect to an additional twelve and a half percent (12.5%) of the shares of Common Stock subject to this Option on the six-month anniversary of the First Anniversary Date and each six-month anniversary date thereafter through the fourth annual anniversary of the Date of Grant. If the foregoing schedule would produce fractional shares, the number of shares for which the Option becomes exercisable shall be rounded down to the nearest whole share. Once this Option has become exercisable in accordance with the preceding sentence it shall continue to be exercisable

until the termination of Participant's rights hereunder pursuant to paragraph 3, 4 or 5 or until the Option has expired pursuant to subparagraph 2(a). A partial exercise of this Option shall not affect Participant's right to exercise this Option with respect to the remaining shares, subject to the conditions of the Plan and this Agreement.

c. **Method of Exercising Option and Payment for Shares** . This Option shall be exercised by written notice delivered to the attention of the Company's Chief Financial Officer at the Company's principal office in New Jersey. The exercise date shall be (i) in the case of notice by mail, the date of postmark, or (ii) if delivered in person, the date of delivery. Such notice shall be accompanied by payment of the Option price in full, in cash or cash equivalent acceptable to the Committee, or such other method as determined by the Committee, including an irrevocable commitment by a broker to pay over such amount from a sale of the shares of Common Stock issuable under the Option, the delivery of previously owned shares of Common Stock or withholding of shares of Common Stock deliverable upon exercise which, together with any cash or cash equivalent paid, is not less than the Option price for the number of shares for which this Option is being exercised.

d. **Nontransferability** . This Option may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by Participant except by will or by the laws of descent and distribution. During Participant's lifetime, this Option may be exercised only by Participant.

e. **Agreement with Terms.** Execution of this Agreement by Participant or receipt of any benefits under this Agreement by Participant shall constitute Participant's acknowledgement of and agreement with all of the provisions of this Agreement and of the Plan that are applicable to this Option, and the Company shall administer this Agreement accordingly.

f. **Forfeiture** . In the event of Participant's termination of employment, any vested portion of this Option that is not exercised during the period specified in paragraph 3, paragraph 4 or paragraph 5 of this Agreement, as applicable, shall be forfeited upon the expiration of such period. Any portion of this Option that is unvested as of the date of Participant's termination of employment shall be forfeited on such date.

3. **Exercise in the Event of Death** . In the event Participant dies before the expiration of this Option pursuant to subparagraph 2(a), this Option shall be exercisable with respect to all or part of the shares of Common Stock that Participant was entitled to purchase under subparagraph 2(b) on the date of Participant's death. In that event, this Option may be exercised, to the extent exercisable under subparagraph 2(b), by Participant's estate or by the person or persons to whom his rights under this Option shall pass by will or the laws of descent and distribution. Participant's estate or such persons may exercise this Option within one (1)

year after Participant's death or during the remainder of the period preceding the Expiration Date, whichever is shorter.

4. **Exercise in the Event of Permanent and Total Disability** . In the event Participant becomes permanently and totally disabled within the meaning of Section 22(e)(3) of the Code ("Permanently and Totally Disabled") before the expiration of this Option pursuant to subparagraph 2(a), this Option shall be exercisable with respect to all or part of the shares of Common Stock that Participant was entitled to purchase under subparagraph 2(b) on the date he ceases to be employed by the Company and its Affiliates as a result of his becoming Permanently and Totally Disabled. In that event, Participant may exercise this Option, to the extent exercisable under subparagraph 2(b), within one (1) year after the date he ceases to be employed by the Company and its Affiliates as a result of his becoming Permanently and Totally Disabled or during the period preceding the Expiration Date, whichever is shorter.

5. **Exercise After Termination of Employment .** Except as provided in paragraphs 3 and 4 hereof, if the Participant ceases to be employed by the Company and its Affiliates prior to the Expiration Date, this Option shall be exercisable for all or part of the number of shares that the Participant was entitled to purchase under subparagraph 2(b), as well as set forth under any Service Agreement, on the date of Participant's termination of employment. In that event, Participant may exercise this Option, to the extent exercisable under subparagraph 2(b) and/or under any Service Agreement, during the remainder of the period preceding the Expiration Date or until the date that is three (3) months (or such other period of time provided under any Service Agreement) after the date he ceases to be employed by the Company and its Affiliates, whichever is shorter.

6. **Notice** . Any notice or other communication given pursuant to this Agreement shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Company at its principal place of business or to the Participant at the address on the payroll records of the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing. Additionally, if such notice or communication is by the Company to the Participant, the Company may provide such notice electronically (including via email). Any such notice shall be deemed to have been given (a) on the date of postmark, in the case of notice by mail, or (b) on the date of delivery, if delivered in person or electronically.

7. **Fractional Shares** . Fractional shares shall not be issuable hereunder, and when any provision hereof may entitle Participant to a fractional share such fraction shall be disregarded.

8. **Tax Matters** .

a. **Withholding.** Participant shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, local or other taxes required by law to be withheld on account of such taxable event. The Company shall have no obligation to deliver shares of

Common Stock until such withholding requirements have been fully satisfied by the Participant.

b. **Tax Obligations.** Nothing in the Plan or in this Agreement shall be interpreted or construed to transfer any liability for any tax (including, without limitation, a tax or penalty due as a result of a failure to comply with Section 409A of the Code) due by the Participant to the Company, any Subsidiary or Affiliate, or to any other individual or entity, and the Company shall have no liability to the Participant, or any other party, thereto. The Participant acknowledges that the Company and its Subsidiaries and Affiliates: (a) make no representations or undertakings regarding the tax treatment in connection with any aspect of the Option; and (b) do not commit to structure the terms of the grant or any other aspect of the Option to reduce or eliminate the Participant's tax liabilities.

9. **No Right to Continued Employment or Other Service**. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its Affiliates to terminate the Participant's employment at any time or for any reason in accordance with the Company's Bylaws, governing law and any applicable Service Agreement, nor shall any terms of the Plan or this Agreement confer upon Participant any right to continue his or her employment for any specified period of time. Neither this Agreement nor any benefits arising under the Plan or this Agreement shall constitute an employment contract with the Company, any Subsidiary and/or its Affiliates. If Participant is not an employee, nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its Affiliates to terminate Participant's service, (i) if a member of the Board, on the Board at any time or for any reason in accordance with the Company's Bylaws and governing law, or (ii) if a non-employee consultant or advisor, in accordance with the terms of the contract with such consultant or advisor. In no event shall any of the terms of the Plan or this Agreement itself confer upon Participant any right to continue his or her service for any specified period of time.

10. **Adjustments Upon Certain Unusual or Nonrecurring Events or Other Events**. Upon certain unusual or nonrecurring events, or other events, the terms of this Option shall be adjusted by the Administrator pursuant to Section 15 of the Plan.

11. **Governing Law**. This Agreement shall be governed by the laws of the Commonwealth of Virginia.

12. **Conflicts**. In the event of any conflict between the provisions of the Plan as in effect on the date hereof and the provisions of this Agreement, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the date hereof.

13. **Award and Participant Bound by Plan**. Notwithstanding anything herein to the contrary, this Option and this Agreement shall be subject to and governed by all the terms and conditions of the Plan. Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

14. **Binding Effect**. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and Participant has affixed his signature hereto.

INSMED INCORPORATED

By: _____
Name: [NAME]
Title: [TITLE]

PARTICIPANT

_____
[PARTICIPANT NAME]

Exhibit 10.6

INSMED INCORPORATED

NONQUALIFIED STOCK OPTION INDUCEMENT AWARD AGREEMENT

No. of shares subject to Option:

THIS AGREEMENT dated this (this " Agreement "), between INSMED INCORPORATED, a Virginia corporation (the " Company "), and (" Participant "), is made in connection with Participant's entry into that certain employment agreement with the Company dated as of (as amended, the " Employment Agreement ") and is an inducement material to Participant's entry into employment within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules (the " Inducement Award Rule ").

If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Employment Agreement, the Employment Agreement shall control, and this Agreement shall be deemed to be modified accordingly so long as such modification is consistent with the Inducement Award Rule.

1. **Grant of Option** . The Company, on (the " Date of Grant "), granted to Participant, subject to the terms and conditions herein set forth, the right and option to purchase from the Company all or any part of an aggregate of shares of common stock of the Company, par value US $0.01 per share (the " Common Stock ") at the option price of US $ per share, being not less than the closing price of a share of our Common Stock on the NASDAQ on the Date of Grant (the " Option "). The Option is intended to be a nonqualified stock option and not an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the " Code "). The Option is exercisable as hereinafter provided. [*Applicable foreign provisions to be inserted* .]

2. **Terms and Conditions** . The Option is subject to the following terms and conditions:

a. **Expiration Date** . The Option shall expire ten years from the Date of Grant (the " Expiration Date ").

b. **Exercise of Option** . Except as provided in paragraphs 3, 4 and 5, the Option shall be exercisable with respect to [*insert as applicable* : twenty-five percent (25%) of the shares of Common Stock subject to the Option on the first annual anniversary of the Date of Grant (the " First Anniversary Date ") and with respect to twelve and a half percent (12.5%) of the shares of Common Stock subject to the Option on the six-month anniversary of the First Anniversary Date and each six-month anniversary date thereafter through the fourth annual anniversary of the Date of Grant]. If the foregoing schedule would produce fractional shares, the number of shares for which the Option becomes exercisable shall be rounded down to the nearest whole share. Once the Option has become exercisable in accordance with this subparagraph 2(b) it shall continue to be exercisable until the termination of Participant's rights hereunder pursuant to paragraph 3, 4 or 5 or until the Option has expired pursuant to subparagraph 2(a). A partial exercise of the Option shall not affect Participant's right to exercise the Option with respect to the remaining shares, subject to the conditions of this Agreement.

c. **Method of Exercising Option and Payment for Shares** . The Option shall be exercised by written notice in the form of Attachment A — "Notice of Option Exercise" or such other form as may be approved by the Company, delivered to the attention of the Company's Chief Financial Officer at the Company's principal place of business. The exercise date shall be (i) in the case of notice by mail, the date of postmark, or (ii) if delivered in person, the date of delivery. Such notice shall be accompanied by payment of the Option price in full, in cash or cash equivalent acceptable to the Compensation Committee of the Company's Board of Directors (the " Compensation Committee " and the "Board"), or such other method as determined by the Compensation Committee, including an irrevocable commitment by a broker to pay over such amount from a sale of the shares of Common Stock issuable under the Option, the delivery of previously owned shares of Common Stock or withholding of shares of Common Stock deliverable upon exercise which, together with any cash or cash equivalent paid, is not less than the Option price for the number of shares for which the Option is being exercised.

d. **Nontransferability** . The Option may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by Participant except by will or by the laws of descent and distribution. During Participant's lifetime, the Option may be exercised only by Participant.

e. **Agreement with Terms** . Execution of this Agreement by Participant or receipt of any benefits under this Agreement by Participant shall constitute Participant's acknowledgement of, and agreement with, all of the provisions of this Agreement, and the Company shall administer this Agreement accordingly.

f. **Shareholder Rights** . Participant shall not have any rights as a shareholder with respect to shares subject to the Option until Participant exercises such Option and becomes the holder of record of such shares.

g. **Forfeiture** . In the event of Participant's termination of employment, any vested portion of the Option that is not exercised during the period specified in paragraph 3, paragraph 4 or paragraph 5, as applicable, shall be forfeited upon the expiration of such period. Any portion of the Option that is unvested as of the date of Participant's termination of employment shall be forfeited on such date.

3. **Exercise in the Event of Death** . In the event Participant dies before the expiration of the Option pursuant to subparagraph 2(a), the Option shall be exercisable with respect to all or part of the shares of Common Stock that Participant was entitled to purchase under subparagraph 2(b) on the date of Participant's death. In that event, the Option may be exercised, to the extent exercisable under subparagraph 2(b), by Participant's estate or by the other person or persons to whom Participant's rights under the Option shall pass by will or the laws of descent and distribution. Participant's estate or such persons may exercise the Option within one year after Participant's death or during the remainder of the period preceding the Expiration Date, whichever is shorter.

4. **Exercise in the Event of Permanent and Total Disability** . In the event Participant becomes permanently and totally disabled within the meaning of Section 22(e)(3) of the Code (" Permanently and Totally Disabled ") before the expiration of the Option pursuant to

subparagraph 2(a), the Option shall be exercisable with respect to all or part of the shares of Common Stock that Participant was entitled to purchase under subparagraph 2(b) on the date Participant ceases to be employed by the Company or, as determined by the Compensation Committee from time to time, any entity in which the Company has a substantial direct or indirect equity interest (an " Affiliate "), as a result of Participant's becoming Permanently and Totally Disabled. In that event, Participant may exercise the Option, to the extent exercisable under subparagraph 2(b), within one year after the date Participant ceases to be employed by the Company and its Affiliates as a result of Participant's becoming Permanently and Totally Disabled or during the period preceding the Expiration Date, whichever is shorter.

5. **Exercise After Termination of Employment** . Except as provided in paragraphs 3 and 4 hereof, if Participant ceases to be employed by the Company and its Affiliates prior to the Expiration Date, the Option shall be exercisable for all or part of the number of shares that Participant was entitled to purchase under subparagraph 2(b) and, if applicable, any additional number of shares specified under the Employment Agreement on the date of Participant's termination of employment. In that event, Participant may exercise the Option, to the extent exercisable under subparagraph 2(b) and/or under the Employment Agreement, during the remainder of the period preceding the Expiration Date or until the date that is three months (or such other period of time provided under the Employment Agreement, if any) after the date Participant ceases to be employed by the Company and its Affiliates, whichever is shorter.

6. **Notice** . Any notice or other communication given pursuant to this Agreement shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Company at its principal place of business or to Participant at the address on the payroll records of the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing. Additionally, if such notice or communication is by the Company to Participant, the Company may provide such notice electronically (including via email). Any such notice shall be deemed to have been given (a) on the date of postmark, in the case of notice by mail, or (b) on the date of delivery, if delivered in person or electronically.

7. **Fractional Shares** . Fractional shares shall not be issuable hereunder, and when any provision hereof may entitle Participant to a fractional share such fraction shall be disregarded.

8. **No Right to Continued Employment** .

[Insert the following for US Participants:] Nothing in this Agreement shall interfere with or limit in any way the right of the Company, its subsidiaries and/or its Affiliates to terminate Participant's employment at any time or for any reason in accordance with the Company's Bylaws, governing law and the Employment Agreement, nor shall any terms of this Agreement confer upon Participant any right to continue Participant's employment for any specified period of time. Neither this Agreement nor any benefits arising under this Agreement shall constitute an employment contract with the Company or any of its subsidiaries or Affiliates.

[Insert no continued right to employment provision for non-US Participants, if applicable.]

9. **Change in Capital Structure .** The terms of the Option (including the number or kind of shares subject hereto and the option price) shall be equitably adjusted as the Compensation Committee determines is equitably required to reflect any reorganization, reclassification, combination of shares, stock split, reverse stock split, spin-off, dividend or distribution of securities, property or cash (other than regular, quarterly cash dividends), or any other event or transaction that affects the number or kind of shares of Common Stock outstanding. No fractional shares of Common Stock shall be issued pursuant to such an adjustment.

10. **Change in Control** . The Compensation Committee shall have the discretion to determine the treatment of the Option upon the occurrence of a Change in Control (as defined below). Notwithstanding the foregoing, if Participant's employment is terminated by the Company without Cause or by Participant for Good Reason during the one year period following the occurrence of a Change in Control, then the Option (to the extent then outstanding) will vest in full and become immediately exercisable. [*Insert as applicable* : [Capitalized terms used in this paragraph 10 shall have the meanings set forth in the Employment Agreement.] [For purposes of this paragraph 10, the following definitions apply, subject to applicable [*applicable jurisdiction to be inserted*] laws to the extent mandatory:]

a. [" Cause " means: (i) Participant's conviction of or plea of nolo contendere to a felony involving moral turpitude; (ii) willful misconduct or gross negligence by Participant resulting, in either case, in material economic harm to the Company or any Affiliates; (iii) a willful failure by Participant to carry out the reasonable and lawful directions of the Board and failure by Participant to remedy the failure within thirty (30) days after receipt of written notice of the same from the Board; (iv) fraud, embezzlement, theft or dishonesty of a material nature by Participant against the Company or any Affiliate, or a willful material violation by Participant of a policy or procedure of the Company or any Affiliate, resulting, in any case, in material economic harm to the Company or any Affiliate; or (v) a willful material breach by Participant of this Agreement and failure by Participant to remedy the material breach within 30 days after receipt of written notice of the same, from the Board.]

b. [" Change in Control " means the occurrence of any one of the following:

i. any Person becomes the beneficial owner (as such term is defined in Rule 13d-3 under the U.S. Securities Exchange Act of 1934, as amended (the " Exchange Act ")) of at least 50% of either (A) the value of the then outstanding shares of common stock of the Company (the " Outstanding Company Common Stock ") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the " Outstanding Company Voting Securities ") (the foregoing beneficial ownership hereinafter being referred to as a " Controlling Interest "); provided, however, that for purposes of this definition, the following acquisitions shall not constitute or result in a Change

in Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any person that as of the Date of Grant has beneficial ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate; or (z) any acquisition by any corporation pursuant to a transaction which complies with subparagraphs 10(b)(iii)(A), (B) and (C) below; or

ii. during any period of two consecutive years (not including any period prior to the Date of Grant) individuals who constitute the Board on the Date of Grant (the " Incumbent Board ") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Date of Grant whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

iii. consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a " Business Combination "), in each case, unless, following such Business Combination, (A) all or substantially all of the Persons who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the " Acquiring Corporation ") in substantially the same proportions as their ownership, immediately prior to such Business Combination of the

Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding the Acquiring Corporation or any employee benefit plan (or related trust) of the Company or such Acquiring Corporation) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

iv. the complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, to the extent required to avoid the imposition of additional taxes and/or penalties pursuant to Section 409A of the Code, no event or transaction will constitute a Change in Control hereunder unless it also constitutes a "change in control event" under Section 409A of the Code.]

c. [" Good Reason " means the occurrence of any of the following: (i) a material diminution in Participant's base compensation; (ii) a material diminution in Participant's authority, duties, or responsibilities; (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Participant is required to report; (iv) the Company's or Affiliate's requiring Participant to be based at any office or location outside of 50 miles from the location of employment or service as of the effective date of the Employment Agreement, except for travel reasonably required in the performance of Participant's responsibilities; or (v) any other action or inaction that constitutes a material breach by the Company of the Employment Agreement. For purposes of this Agreement, Good Reason shall not be deemed to exist unless Participant's termination of employment for Good Reason occurs within six months following the initial existence of one of the conditions specified in clauses (i) through (v) above, Participant provides the Company with written notice of the existence of such condition within 90 days after the initial existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice.]

d. [" Person " has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.]

11. **Tax Withholding** .

[Insert the following for US Participants:] To the extent required by applicable federal, state, local or foreign law, the Company may and/or Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise with respect to the Option, or the issuance or sale of any shares of Common Stock. The Company shall not be required to recognize any Participant rights under the Option, to issue shares of Common Stock or to recognize the disposition of such shares of Common Stock until such obligations are satisfied. To the extent permitted or required by the Company, these obligations may or shall be satisfied by the Company withholding cash from any compensation otherwise payable to or for the benefit of Participant in accordance with applicable law, the Company withholding a portion of the shares of Common Stock that otherwise would be issued to a Participant under the Option or any other award held by Participant or by Participant tendering to the Company cash or, if allowed by the Company, shares of Common Stock. Nothing in this Agreement shall be interpreted or construed to transfer any liability for any tax (including, without limitation, a tax or penalty due as a result of a failure to comply with Section 409A of the Code) due by Participant to the Company, any subsidiary thereof or any Affiliate, or to any other individual or entity, and the Company shall have no liability to Participant, or any other party, with respect thereto. Participant acknowledges that the Company and its subsidiaries and Affiliates: (a) make no representations or undertakings regarding the tax treatment in connection with any aspect of the Option and (b) do not commit to structure the terms of the grant or any other aspect of the Option to reduce or eliminate Participant's tax liabilities.

[Insert tax withholding provisions for non-US Participants, if applicable.]

12. **Administration .** Any question concerning the interpretation of this Agreement or the Option, any adjustments required to be made to the Option hereunder, and any controversy that may arise with respect to the Option will be determined by the Compensation Committee in its sole and absolute discretion. All decisions by the Compensation Committee shall be final and binding on Participant and Participant's beneficiaries, heirs and assigns.

13. **Compliance with Laws and Regulations .** Participant hereby acknowledges, represents and warrants to the Company that, unless a registration statement under the Securities Act of 1933, as amended (the " Securities Act "), with respect to the shares of Common Stock to be received upon the exercise of the Option is effective and current at the time of exercise of the Option, (i) the shares of Common Stock to be issued upon the exercise of the Option will be unregistered and acquired by Participant for Participant's own account, for investment only and not with a view to the resale or distribution thereof and (ii) the shares of Common Stock to be issued upon the exercise of the Option may not be sold or transferred unless a registration statement under the Securities Act with respect to the resale of such shares is effective and current or such registration is determined by the Company to be unnecessary. Nothing herein shall be construed as requiring the Company to register the shares subject to the Option for sale or resale under the Securities Act. Notwithstanding anything herein to the contrary, if at any time the Company shall determine, in its sole discretion, that the listing or qualification of the shares of Common Stock subject to the Option on any securities exchange or under any applicable law, or the consent or approval of any governmental agency or regulatory body, is necessary or desirable as a condition to, or in connection with, the issuance of shares of Common Stock hereunder, the Option may not be exercised in whole or in part unless such

listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

14. **Governing Law .** This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard to any rule or principle of conflicts of laws that otherwise would result in the application of the substantive laws of another jurisdiction. Any reference in this Agreement to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

15. **Section 409A .** It is intended that the provisions of this Agreement comply with Section 409A of the Code (" Section 409A "), and all provisions of the Option shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

[Insert the following for non-US Participants:]

16. [*Applicable foreign provisions regarding data privacy* .]

17. [*Applicable foreign provisions regarding country-specific terms* .]

18. [*Additional foreign provisions, as applicable* .]

19. **Severability .** If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to Participant or the Option, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Compensation Committee materially altering the intent of this Agreement, such provision shall be stricken as to such jurisdiction, Participant, or the Option, and the remainder of this Agreement shall remain in full force and effect.

20. **Unfunded Agreement .** This Agreement is intended to be an unfunded arrangement. Participant is and shall at all times be a general creditor of the Company with respect to the Option. If the Company chooses to set aside funds in a trust or otherwise for the payment of the Option, such funds shall at all times be subject to the claims of the creditors of the Company in the event of its bankruptcy or insolvency.

21. **Successors .** All obligations of the Company under this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

22. **Binding Effect .** Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and Participant has affixed Participant's signature hereto.

INSMED INCORPORATED

By: _____
Name: [NAME]
Title: [TITLE]

PARTICIPANT

_____
[PARTICIPANT NAME]

Attachment A

Chief Financial Officer
Insmed Incorporated
10 Finderne Avenue
Building 10
Bridgewater, NJ 08807

Notice Of Option Exercise

This letter is notice of my decision to exercise the Option that was granted to me on . Terms used but not defined in this notice have the meanings given to them in the Nonqualified Stock Option Inducement Award Agreement between the Company and myself on . The exercise will be effective on . I am exercising the Option for shares of Common Stock. I have chosen the following form of payment to cover the aggregate Option price for the number of shares for which I am exercising the Option (*check one*):

☐ 1. Cash
☐ 2. Certified or bank check payable to Insmed Incorporated
☐ 3. Other (*please describe*):

Sincerely,

Name:
Address:

Accepted by: _____

Date: _____

Note : The date of exercise cannot be earlier than the date of delivery of this notice or the postmark, if the notice is mailed.

EXHIBIT 31.1

Section 302 Certification

I, William H. Lewis, Chief Executive Officer of Insmed Incorporated, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Insmed Incorporated;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ William H. Lewis

William H. Lewis
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Section 302 Certification

I, Paolo Tombesi, Chief Financial Officer (Principal Financial and Accounting Officer) of Insmed Incorporated, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Insmed Incorporated;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ Paolo Tombesi

Paolo Tombesi
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

Solely for the purposes of complying with 18 U.S.C. § 1350, I, William Lewis, Chief Executive Officer of Insmed Incorporated (the "Company"), hereby certify, based on my knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William H. Lewis
William H. Lewis
Chief Executive Officer
(Principal Executive Officer)

August 3, 2017

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Insmed Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing. A signed original of this statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

Solely for the purposes of complying with 18 U.S.C. § 1350, I, Paolo Tombesi, Chief Financial Officer (Principal Financial and Accounting Officer) of Insmed Incorporated (the "Company"), hereby certify, based on my knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Paolo Tombesi
Paolo Tombesi
Chief Financial Officer
(Principal Financial and Accounting Officer)

August 3, 2017

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Insmed Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing. A signed original of this statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.