

INSMED INC  
 Form 424B3  
 December 15, 2005  
 Prospectus Supplement No. 1

Filed pursuant to Rule 424(b)(3)

to Prospectus dated August 23, 2005

Registration No. 333-123695

as filed on August 5, 2005

### INSMED INCORPORATED

**51,770,481 SHARES**

**COMMON STOCK**

This prospectus supplement supplements the information contained in the prospectus of Insmmed Incorporated dated August 23, 2003 filed as part of Post-Effective Amendment No. 1 to Form S-3 Registration Statement (333-123695) filed by Insmmed on August 5, 2005 relating to the potential resale from time to time of the 51,770,481 shares of Insmmed Common Stock issuable upon conversion of the 5% Convertible Notes due 2008-2010 issued by Insmmed and warrants to purchase Common Stock issued by Insmmed. This prospectus supplement is not complete without, and may not be delivered or utilized except in connection with, the prospectus, including any amendments or supplements thereto.

The following table supplements the information set forth in the prospectus under the caption *Selling Stockholders* with respect to the selling stockholders and the respective principal amount of notes which are beneficially owned and may be sold by each selling stockholder, and the number of shares of common stock that may be sold by the selling stockholders pursuant to this prospectus, as amended or supplemented:

Investor	Number of Shares Owned Before Offering		Number of Shares Offered Pursuant to the Prospectus	Number of Shares Owned After Offering	
	Number	Percent	Number	Number	Percent
Investor					
Xmark Opportunity Fund, Ltd.(1)	233,643	*	233,643		*
Xmark Opportunity Fund, L.P.(2)	150,142	*	150,142		*

\* Less than 1%

(1) Includes 233,643 shares of common stock issuable upon conversion and exercise of convertible notes and warrants.

(2) Includes 150,142 shares of common stock issuable upon conversion and exercise of convertible notes and warrants.

THE DATE OF THIS PROSPECTUS SUPPLEMENT IS DECEMBER 15, 2005