

November 8, 2012

Insulet Reports Third Quarter 2012 Results

Third Quarter 2012 Revenue Increases 23% Year Over Year; Gross Profit Improves by 31% Compared to Q3'11

BEDFORD, MA--(Marketwire - Nov 8, 2012) - Insulet Corporation (NASDAQ : PODD), the leader in [tubeless insulin pump](#) technology with its OmniPod® Insulin Management System, today announced financial results for the three and nine months ended September 30, 2012.

Third quarter 2012 revenue increased 23% to \$54.8 million, compared to \$44.6 million in the third quarter of 2011. Third quarter 2012 revenue increased 7% over second quarter 2012 revenue of \$51.0 million. Gross profit for the third quarter of 2012 was \$24.4 million, an increase of 31% compared to a gross profit of \$18.6 million for the third quarter of 2011. The Company acquired Neighborhood Diabetes on June 1, 2011 and its financial position and results of operations have been included in the Company's financial results since that date.

Operating loss in the third quarter of 2012 was \$8.5 million, compared to operating loss of \$9.8 million in the third quarter of 2011. Total operating expenses were \$32.9 million in the third quarter of 2012, compared to \$28.3 million in the third quarter of 2011. The increase is primarily due to the incremental costs related to the development and regulatory approval of the next generation OmniPod insulin pump and expansion of the commercial team throughout the year.

"Insulet delivered strong results once again in the third quarter, with sustained revenue growth, expanding gross margins and our first month of operating cash profitability," said Duane DeSisto, President and Chief Executive Officer of Insulet. "We achieved record levels of OmniPod referrals and initial shipments this quarter. Our partner, Ypsomed, launched the next generation OmniPod in Europe and customers have been reporting that they love its smaller size and lighter feel. We are eagerly awaiting feedback from the U.S. Food and Drug Administration on the additional data we submitted in late September and are hopeful that we will soon receive 510(k) clearance of the next generation OmniPod."

Net loss for the third quarter of 2012 was \$12.4 million, or \$0.26 per share, compared to a net loss of \$13.6 million, or \$0.29 per share, for the third quarter of 2011. Net loss for the third quarter of 2012 includes approximately \$3.9 million of net interest expense, compared to \$3.8 million of net interest expense in the third quarter of 2011.

For the nine months ended September 30, 2012, revenue increased 46% to \$153.5 million from \$105.1 million for the first nine months of 2011. Gross profit for the first nine months of 2012 was \$67.0 million, as compared to a gross profit of \$46.6 million in the first nine months of 2011. Operating loss for the first nine months ended September 30, 2012 was \$29.9 million, as compared to an operating loss of \$32.0 million in the first nine months ended September 30, 2011. Net loss for the first nine months of 2012 was \$41.7 million, or \$0.87 per share, compared to \$42.8 million, or \$0.92 per share, for the first nine months of 2011.

As of September 30, 2012, the Company had cash and cash equivalents of \$63.4 million compared to \$94.0 million as of December 31, 2011.

Guidance

The Company refined its estimate for full year 2012 revenue to be in the range of \$210 to \$215 million and its estimate for operating loss to be in the range of \$35 to \$38 million. For the fourth quarter of 2012, the Company is estimating revenue of \$56.5 to \$61.5 million.

Conference Call

Insulet will host a conference call on Thursday, November 8, 2012 at 5:00PM Eastern time to discuss the Company's third quarter results and present information concerning its business, strategies and outlook. To listen to the conference call, please dial 877-831-5664 for domestic callers and 832-412-1780 for international callers. The conference ID is 55165900. A replay of the conference call will be available two hours after the start of the call through November 15, 2012 by dialing 855-859-2056 (domestic) and 404-537-3406 (international), conference ID 55165900. An online archive of the conference call will also be available by accessing the Investor Information section of the company's website at <http://investors.insulet.com>.

Forward-Looking Statement

The September 30, 2012 financial results contained in this news release are subject to finalization in connection with the preparation of the Company's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2012. This press release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and of Section 21E of the Securities Exchange Act of 1934 concerning Insulet's expectations, anticipations, intentions, beliefs or strategies regarding the future, including those related to its expected revenue and operating losses, planned expansion of sales of the next generation OmniPod System in the U.S. and abroad, product demand, the market acceptance of our next generation OmniPod System, regulatory matters and financial performance. These forward-looking statements are based on its current expectations and beliefs concerning future developments and their potential effects on Insulet. There can be no assurance that future developments affecting Insulet will be those that it has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond its control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to: risks associated with the Company's dependence on the OmniPod System; Insulet's ability to increase customer orders and manufacturing volumes; adverse changes in general economic conditions; impact of healthcare reform legislation; Insulet's inability to raise additional funds in the future on acceptable terms or at all; potential supply problems or price fluctuations with sole source or other third-party suppliers on which Insulet is dependent; international business risks; Insulet's inability to obtain adequate coverage or reimbursement from third-party payors for the OmniPod System and potential adverse changes in reimbursement rates or policies relating to the OmniPod; potential adverse effects resulting from competition with competitors; technological innovations adversely affecting the Company's business; potential termination of Insulet's license to incorporate a blood glucose meter into the OmniPod System; Insulet's ability to protect its intellectual property and other proprietary rights; conflicts with the intellectual property of third parties, including claims that Insulet's current or future products infringe the proprietary rights of others; adverse regulatory or legal actions relating to the OmniPod System; failure to obtain timely regulatory approval for the sale of the next generation OmniPod System; failure of Insulet's contract manufacturers or component suppliers to comply with FDA's quality system regulations, the potential violation of federal or state laws prohibiting "kickbacks" or protecting patient health information, or any challenges to or investigations into Insulet's practices under these laws; product liability lawsuits that may be brought against Insulet; reduced retention rates; unfavorable results of clinical studies relating to the OmniPod System or the products of Insulet's competitors; potential future publication of articles or announcement of positions by physician associations or other organizations that are unfavorable to Insulet's products; the expansion, or attempted expansion, into foreign markets; the concentration of substantially all of Insulet's manufacturing capacity at a single location in China and substantially all of Insulet's inventory at a single location in Massachusetts; Insulet's ability to attract and retain key personnel; Insulet's ability to manage its growth; intense competition among distributors of diabetes supplies impairing Insulet's business; loss of an opportunity to sell insulin pumps supplied by Insulet's competitors; failure to retain key supplier and payor partners; failure by Neighborhood Diabetes to retain supplier pricing discounts and achieve satisfactory gross margins; failure to retain and manage successfully Insulet's Medicare and Medicaid business; existence of unanticipated liabilities arising in connection with the Neighborhood Diabetes business; fluctuations in quarterly results of operations; risks associated with potential future acquisitions; Insulet's ability to generate sufficient cash to service all of its indebtedness; the expansion of Insulet's distribution network; Insulet's ability to successfully maintain effective internal controls; and other risks and uncertainties described in its Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on February 28, 2012 in the section entitled "Risk Factors," and in its other filings from time to time with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of its assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Insulet undertakes no obligation to publicly update or revise any forward-looking statements.

About Insulet Corporation

Insulet Corporation (NASDAQ : Podd) is an innovative medical device company dedicated to making the lives of people with diabetes easier. Through its OmniPod Insulin Management System, Insulet seeks to expand the use of [insulin pump therapy](#) among people with insulin-dependent diabetes. The OmniPod is a revolutionary and easy-to-use tubeless insulin pump that features just two parts and fully-automated cannula insertion. Insulet's subsidiary, Neighborhood Diabetes, is a leading distributor for diabetes products and supplies, delivered through a high touch customer service model. Founded in 2000, Insulet Corporation is based in Bedford, Mass. For more information, please visit: <http://www.myomnipod.com>.

INSULET CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended September 30,		Nine Months Ended September 30,	
2012	2011	2012	2011

(Unaudited)
(In thousands, except share and per share data)

Revenue	\$ 54,752	\$ 44,594	\$ 153,541	\$ 105,063
Cost of revenue	<u>30,362</u>	<u>26,033</u>	<u>86,524</u>	<u>58,431</u>
Gross profit	24,390	18,561	67,017	46,632
Operating expenses:				
Research and development	6,559	4,638	18,512	16,059
General and administrative	12,731	11,379	38,416	31,585
Sales and marketing	<u>13,571</u>	<u>12,312</u>	<u>39,974</u>	<u>30,943</u>
Total operating expenses	<u>32,861</u>	<u>28,329</u>	<u>96,902</u>	<u>78,587</u>
Operating loss	(8,471)	(9,768)	(29,885)	(31,955)
Other expense, net	<u>(3,918)</u>	<u>(3,794)</u>	<u>(11,645)</u>	<u>(10,876)</u>
Net loss before income taxes	(12,389)	(13,562)	(41,530)	(42,831)
Income tax expense	<u>(28)</u>	<u>-</u>	<u>(143)</u>	<u>-</u>
Net loss	<u>\$ (12,417)</u>	<u>\$ (13,562)</u>	<u>\$ (41,673)</u>	<u>\$ (42,831)</u>
Net loss per share basic and diluted	<u>\$ (0.26)</u>	<u>\$ (0.29)</u>	<u>\$ (0.87)</u>	<u>\$ (0.92)</u>
Weighted average number of shares used in calculating basic and diluted net loss per share	<u>48,041,392</u>	<u>47,321,989</u>	<u>47,825,136</u>	<u>46,442,236</u>

INSULET CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2012	As of December 31, 2011
	<u> </u>	<u> </u>
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 63,443	\$ 93,955
Accounts receivable, net	30,145	23,190
Inventories	15,089	11,838
Prepaid expenses and other current assets	<u>4,717</u>	<u>2,802</u>
Total current assets	113,394	131,785
Property and equipment, net	24,910	19,422
Intangible assets, net	24,358	29,002
Goodwill	26,647	26,647
Other assets	<u>2,333</u>	<u>2,727</u>
Total assets	<u>\$ 191,642</u>	<u>\$ 209,583</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 16,216	\$ 11,418
Accrued expenses	17,816	13,064
Deferred revenue	1,138	2,582
Current portion of long-term debt	14,134	-
Other current liabilities	<u>38</u>	<u>931</u>

Total current liabilities	49,342	27,995
Long-term debt	101,517	108,540
Other long-term liabilities	1,670	1,652
Total liabilities	<u>152,529</u>	<u>138,187</u>
Stockholders' Equity		
Preferred stock, \$.001 par value:		
Authorized: 5,000,000 shares at September 30, 2012 and December 31, 2011. Issued and outstanding: zero shares at September 30, 2012 and December 31, 2011	-	-
Common stock, \$.001 par value:		
Authorized: 100,000,000 shares at September 30, 2012 and December 31, 2011. Issued and outstanding: 48,114,876 and 47,504,131 shares at September 30, 2012 and December 31, 2011, respectively	48	48
Additional paid-in capital	521,761	512,371
Accumulated deficit	(482,696)	(441,023)
Total stockholders' equity	<u>39,113</u>	<u>71,396</u>
Total liabilities and stockholders' equity	<u>\$ 191,642</u>	<u>\$ 209,583</u>

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