A COMMERCIAL BIOTECHNOLOGY COMPANY

Ironwood 2Q 2018 Investor Update

August 6, 2018

Introduction

Meredith Kaya

Vice President, Investor Relations
and Corporate Communications

Ironwood®

Safe Harbor Statement

This presentation contains forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, including statements about the proposed separation of our operations into two independent, publicly traded companies, including the completion and timing of the separation; the timing of effectiveness of the termination of the lesinurad license agreement; the size, composition, financial impact and timing of a workforce reduction associated with the separation and our termination of the lesinurad license agreement; the maintenance of appropriate availability of lesinurad during the termination period; the business and operations of each company and any benefits or costs of the separation, including the tax treatment; the financial profiles and capital structures of the NewCos; ongoing funding between the NewCos; the development, launch, commercial availability and commercial potential of linaclotide, lesinurad, other product candidates and the other products that we promote and the drivers, timing, impact and results thereof; market size, commercial potential, prevalence, and the growth in, and potential demand for, linaclotide, lesinurad and our other product candidates, as well as their potential impact on applicable markets; the potential indications for, and benefits of, linaclotide, lesinurad and our other product candidates; the anticipated timing of preclinical, clinical and regulatory developments and the design, timing and results of clinical and preclinical studies; expected periods of patent exclusivity, durability and life of the respective patent portfolios for linaclotide, lesinurad and our other product candidates; the strength of the intellectual property protection for linaclotide, lesinurad and our other product candidates and our intentions and efforts to protect such intellectual property; and our financial performance and results, and guidance and expectations related thereto (including the drivers and timing thereof), including expectations related to the allocation of capital, positive cash flow and positive cash flow from operations, LINZESS U.S. net sales, ex-U.S. revenue (including API revenue), R&D, SG&A and marketing and sales expenses, net interest expense, total restructuring costs and plans to revise cash guidance. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement. Applicable risks and uncertainties include those related to the possibility that we may not complete the separation of our business on the terms or timeline currently contemplated, if at all, achieve the expected benefits of the separation, and that the separation could harm our business, results of operations and financial condition; the risk that the transaction might not be tax-free; the risk that we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as independent companies; R&D Co.'s lack of independent operating history and the risk that its accounting and other management systems may not be prepared to meet the financial reporting and other requirements of operating as an independent public company; the risk that a separation may adversely impact our ability to attract or retain key personnel; the risk that we may experience difficulties in implementing or negative effects from the reduction in workforce, such as claims arising out of the reduction; risks related to the difficulty of predicting the financial impact or timing of our reduction in workforce; the effectiveness of development and commercialization efforts by us and our partners; preclinical and clinical development, manufacturing and formulation development; the risk that findings from our completed nonclinical and clinical studies may not be replicated in later studies; efficacy, safety and tolerability of linaclotide, lesinurad and our other product candidates; decisions by regulatory and judicial authorities; the risk that we are unable to successfully commercialize lesinurad or realize the anticipated benefits of the lesinurad transaction; the risk that we may never get sufficient patent protection for linaclotide, lesinurad and our other product candidates or that we are not able to successfully protect such patents; the outcomes in legal proceedings to protect or enforce the patents relating to our products and product candidates, including ANDA litigation; developments in the intellectual property landscape; challenges from and rights of competitors or potential competitors; the risk that our planned investments do not have the anticipated effect on our company revenues, linaclotide, lesinurad or our other product candidates; the risk that we are unable to manage our operating expenses or cash use for operations, or are unable to commercialize our products, within the guided ranges or otherwise as expected; and the risks listed under the heading "Risk Factors" and elsewhere in Ironwood's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, and in our subsequent SEC filings. These forward-looking statements (except as otherwise noted) speak only as of the date of this press release, and Ironwood undertakes no obligation to update these forward-looking statements. Further, Ironwood considers the net profit for the U.S. LINZESS brand collaboration with Allergan in assessing the product's performance and calculates it based on inputs from both Ironwood and Allergan. This figure should not be considered a substitute for Ironwood's GAAP financial results. An explanation of our calculation of this figure is provided on slide 17 of this presentation.

2Q 2018 Overview

Peter Hecht
Chief Executive Officer

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Continued momentum in 2Q 2018

Demonstrated by:

- ✓ Strong commercial execution with LINZESS® (linaclotide)
- ✓ Decision to terminate U.S. lesinurad licensing agreement with AstraZeneca following review of test market data
- ✓ Continued pipeline advancement, including 2 Phase III program initiations and 4 Phase II trials ongoing
- ✓ Substantial progress in separating sGC business and GI business into two independent, publicly-traded companies

Commercial Update

Tom McCourt

Chief Commercial Officer

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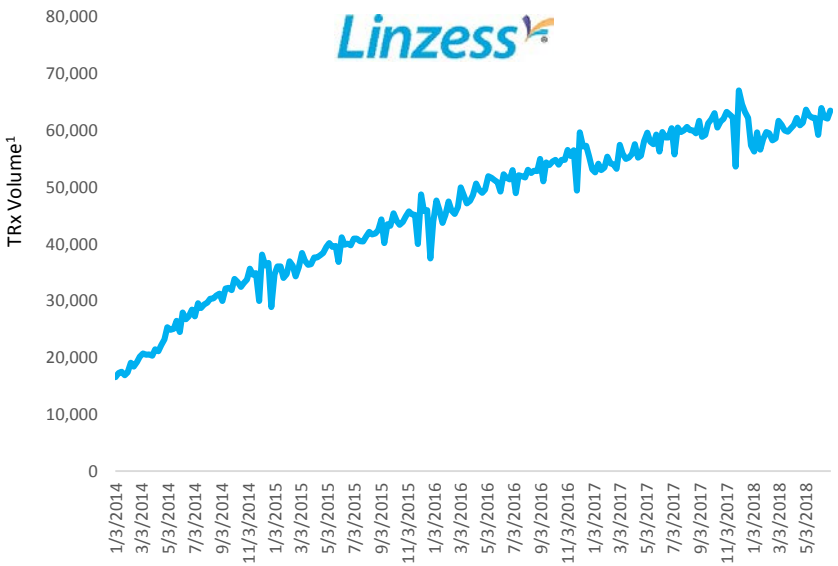
Lesinurad test market results and decision

- In early 2018, **launched robust initiative** to explore comprehensive set of marketing mix options for lesinurad in select test markets
- In July 2018, following assessment of the test market data, **concluded results did not meet expectations**
  - Test market data did not show level of response needed to support further investment by Ironwood
- Made decision to terminate lesinurad licensing agreement with AstraZeneca and focus on **creating value through existing GI products and portfolio opportunities**

Important advancements across GI pipeline in 2Q 2018

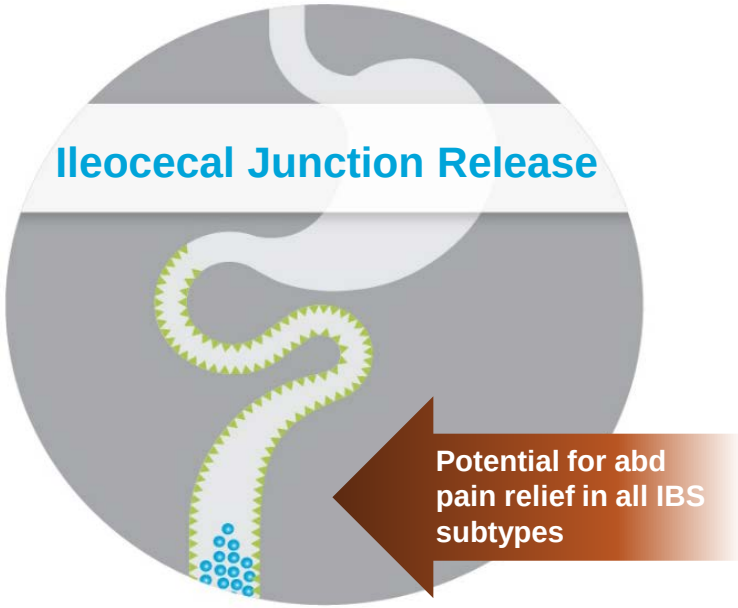
LINZESS®

- ✓ **Continued strong U.S. demand**
- ✓ **Initiation of Phase IIIb trial** (to explore effect on bloating, discomfort, pain)
- ✓ **Further growth in Japan; China approval expected late 2018**



Linaclotide Delayed Release

- ✓ **Reached agreement with FDA on trial design and endpoints**
- ✓ **Working to finalize Phase IIb protocol**
- ✓ **In development for all IBS subtypes** (IBS-C, IBS-D, (IBS-mixed)



IW-3718

- ✓ **Initiated pivotal Phase III program**
  - Exploring effect on heartburn severity and regurgitation
  - If positive, expected to support potential approval
- ✓ **In development for persistent GERD**

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1) QuintilesIMS Total Patient Tracker, June-2018

sGC Pipeline Advancements

Chris Wright

Chief Development Officer

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Encouraging progress in 2Q 2018 within sGC development + discovery pipeline

Praliciguat (IW-1973)

2 Phase II trials ongoing in HFpEF and diabetic nephropathy

- Modified HFpEF trial design intended to accelerate time to proof of concept
- Data from both trials expected 2H 2019

Olinciguat (IW-1701)

2 Phase II trials ongoing

- **Achalasia:** enrollment complete; data expected 2H 2018
- **Sickle cell disease:** received Orphan Drug Designation in June

Pre-clinical tissue-targeted sGC programs

IW-6463: development candidate for serious CNS diseases; expect to initiate Phase I study early 2019

Liver and lung programs: continued encouraging pre-clinical data

2Q 2018 Financial Summary

Gina Consylman
Chief Financial Officer

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Strong 2Q 2018 financial performance

- $81M in Ironwood revenues, up 25% year-over-year, driven by:
  - ~$192M in LINZESS net sales with 60% commercial margin
  - ~$9M in linaclotide API sales to Astellas
  - ~$3M in linaclotide royalties, co-promotion and total lesinurad net sales
- $121M in total operating expenses ($39M in R&D and $68M in SG&A)
- $49M in GAAP net loss ($0.32/share); $43M in non-GAAP net loss ($0.28/share)

Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on page 16 of this presentation.

Financial impact of lesinurad data readout and termination

- Expect ~$75M to $100M in FY 2019 operating expense savings (primarily SG&A)
- Planned reduction in workforce of ~125 employees, primarily in field-based sales
  - Estimated aggregate charges of ~$10M-$13M (expected to be recorded primarily in 2018)
  - Ironwood previously reduced ~60 field-based representatives in January 2018 in connection with implementation of lesinurad test markets
- Intangible asset impairment of $150M and gain on fair value remeasurement of contingent consideration of $30M (expected to be recorded in 3Q 2018)
- Write-down of $2M related to lesinurad inventory and purchase commitments (2Q 2018)

Full year 2018 financial guidance

Ironwood continues to expect:

R&D Expenses	$160 – $180 million
SG&A Expenses	$230 - $250 million
Total LINZESS Marketing & Sales Expenses (IRWD + AGN)	$230 - $260 million
Net Interest Expense	<40 million

Ironwood now expects:

Total Restructuring Expenses (incl. 2018 workforce reductions)	$18 - $21 million

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2Q 2018 financial summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended June 30, 2018 (000s, except per share amounts)
Revenue	$ 81,106
Cost and expenses:	
Cost of revenue, excluding amortization of acquired intangible assets	4,065
Write down of commercial supply and inventory to net realizable value and loss on non-cancellable purchase commitments	1,836
Research and development	38,932
Selling, general and administrative	68,363
Amortization of acquired intangible assets	3,476
Loss on fair value remeasurement of contingent consideration	1,962
Restructuring expenses	2,392
Total cost and expenses	121,026
Loss from operations	(39,920)
Other expense, net	(9,460)
GAAP net loss	$ (49,380)
GAAP net loss per share – basic and diluted	$ (0.32)
Non-GAAP net loss	$ (43,133)
Non-GAAP net loss per share – basic and diluted	$ (0.28)

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Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on page 16 of this presentation.

2Q 2018 Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended June 30, 2018 (000s, except per share amounts)
GAAP net loss	$ (49,380)
Adjustments:	
Mark-to-market adjustments on the derivatives related to convertible notes, net	809
Amortization of acquired intangible assets	3,476
Fair value remeasurement of contingent consideration	1,962
Non-GAAP net loss	$ (43,133)
GAAP net loss per share (basic and diluted)	$ (0.32)
Adjustments to GAAP net loss (detailed above)	0.04
Non-GAAP net loss per share (basic and diluted)	$ (0.28)

The company presents non-GAAP net loss and non-GAAP net loss per share to exclude the impact of net gains and losses on the derivatives related to our convertible notes that are required to be marked-to-market, the amortization of acquired intangible assets, and the fair value remeasurement of contingent consideration. Investors should consider these non-GAAP measures only as a supplement to, not as a substitute for or as superior to, measures of financial performance prepared in accordance with GAAP. In addition, these non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. For a reconciliation of the company's non-GAAP financial measures to the most comparable GAAP measures, please refer to the table above. Additional information regarding the non-GAAP financial measures is included in the company's press release dated August 6, 2018.

2Q 2018 LINZESS U.S. Brand Collaboration Summary

Commercial Profit & Collaboration Revenue[1]

	Three Months Ended June 30, 2018 (000s)
LINZESS U.S. net product sales	$ 191,826
Commercial costs and expenses	76,726
Commercial profit on sales of LINZESS	$ 115,100
Commercial Margin	*60%*
Ironwood's share of net profit	57,550
Ironwood's selling & marketing	11,713
Ironwood's collaboration revenue	$ 69,263

	2Q 2017		2Q 2018
LINZESS sales	$167.8M	+ 14%	$191.8M
Commercial profit	$87.6M	+ 31%	$115.1M
Collaboration revenue	$56.3M	+ 23%	$69.3M

Ironwood & Allergan Total Net Profit

	Three Months Ended June 30, 2018 (000s)
LINZESS U.S. net product sales	$ 191,826
Commercial costs and expenses	76,726
R&D expenses[2]	13,568
Total net profit on sales of LINZESS	$ 101,532

	2Q 2017		2Q 2018
LINZESS sales	$167.8M	+ 14%	$191.8M
Total net profit	$72.2M	+ 41%	$101.5M

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1) The purpose of the Commercial Profit and Collaboration Revenue table is to present the calculation of Ironwood's share of net profits (losses) generated from sales of LINZESS in the U.S. and Ironwood's collaboration revenue / expense; 2) R&D expenses related to LINZESS in the U.S. are shared equally between Ironwood and Allergan under the collaboration agreement.