
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report Pursuant to
Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported):

January 3, 2019

IRONWOOD PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34620
(Commission File Number)

04-3404176
(I.R.S. Employer
Identification Number)

301 Binney Street
Cambridge, Massachusetts
(Address of principal
executive offices)

02142
(Zip code)

(617) 621-7722
(Registrant's telephone number,
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On January 4, 2019, Ironwood Pharmaceuticals, Inc. (the “Company”) announced certain management changes in connection with, and, in certain instances, contingent upon successful completion of, the previously announced intent to separate its soluble guanylate cyclase (“sGC”) business from its commercial and gastrointestinal business into two independent, publicly traded companies (such sGC business following the planned separation, Cyclerion Therapeutics, Inc. (“Cyclerion”). On January 3, 2019, the Company entered into an agreement (the “Offer Letter”) with Mark Mallon, 56, to become an Executive Senior Advisor to the Company. Mr. Mallon will be a full-time employee of the Company, initially responsible for performing such executive level duties and responsibilities as the Chair of the Governance and Nominating Committee of the Company’s board of directors (the “Board”) may assign. In addition, the Company announced on January 4, 2019 that, upon successful completion of the separation, Peter M. Hecht, the Company’s current Chief Executive Officer, is expected to resign from that position, as well as his position as a member of the Board, and become, subject to approval by the board of directors of Cyclerion, Chief Executive Officer of Cyclerion and a member of its board of directors. Upon Dr. Hecht’s departure from the Company and the completion of the separation, the Board has agreed to elevate Mr. Mallon to the position of Chief Executive Officer of the Company, subject to his satisfactory performance of his role as Executive Senior Advisor. If Mr. Mallon becomes Chief Executive Officer of the Company, he will serve as a member of the Board, subject to the Board’s approval.

The Company will file an amendment to this current report on Form 8-K to report the date, when known, that Dr. Hecht will step down as the Company’s Chief Executive Officer and a member of the Board and that Mr. Mallon will assume the role of Chief Executive Officer of the Company and become a member of the Board, as applicable.

Mr. Mallon joined the Company on January 4, 2019. Mr. Mallon was most recently a member of the senior executive team of AstraZeneca PLC (“AstraZeneca”) and led its strategic functions, Global Product and Portfolio Strategy, Global Medical Affairs, and Corporate Affairs. Since joining AstraZeneca in 1994, Mr. Mallon held a number of senior sales and marketing roles, including Executive Vice President, International from January 2013 to April 2017 and Executive Vice President, Global Product and Portfolio Strategy from August 2016 to present. Mr. Mallon started his career in the biopharmaceutical industry in management consulting. He earned his B.S. in chemical engineering from the University of Pennsylvania and his M.B.A. in marketing and finance from the Wharton School of Business.

Mr. Mallon will receive an initial base salary of \$750,000 per year, and will have an individual bonus target of 75% of his base salary, subject to achievement of individual and corporate goals. Mr. Mallon will receive a one-time bonus of \$880,000 in connection with his joining the Company, subject to certain clawback provisions if Mr. Mallon terminates his employment for any reason or the Company terminates his employment for Cause (as defined in his executive severance agreement described below) within two years of his start date. Consistent with the Company’s practice for all new employees, Mr. Mallon will receive an initial grant of stock options, with an aggregate Black-Scholes value equal to \$1,000,000 at the time of grant, and restricted stock units, with an aggregate value of \$1,000,000 at the time of grant, each for shares of the Company’s Class A common stock and granted under and pursuant to the Company’s Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan (the “2010 Plan”). The Offer Letter also provides that if Mr. Mallon becomes Chief Executive Officer of the Company, he will receive a grant of stock options with an aggregate Black-Scholes value equal to \$2,500,000 at the time of grant and restricted stock units with an aggregate value of \$2,500,000 at the time of grant, each for shares of the Company’s Class A common stock and granted under and pursuant to the 2010 Plan. Subject to Mr. Mallon’s continued employment with the Company, (i) such stock options will vest over four years as to 25% of the shares on the first anniversary of Mr. Mallon’s start date and as to 1/48th of the total shares each month thereafter for the next 36 months, and (ii) such restricted stock units will vest as to 25% of the award on each approximate anniversary of the applicable grant date. Mr. Mallon will also be eligible for certain relocation benefits, subject to certain clawback provisions if Mr. Mallon terminates his employment for any reason or the Company terminates his employment for Cause, in each case within 12 months following the payment date of his last relocation reimbursement.

In addition, the Company has entered into an indemnification agreement and an executive severance agreement with Mr. Mallon, the terms of each of which are consistent with the forms of indemnification agreement

and executive severance arrangement described in the Company's proxy statement filed with the Securities and Exchange Commission (the "SEC") on May 2, 2018 in connection with the Company's 2018 annual meeting of stockholders and, with respect to the executive severance agreement, the Company's Quarterly Report on Form 10-Q filed with the SEC on August 6, 2018, such descriptions being incorporated herein by reference. The severance arrangements in Mr. Mallon's executive severance agreement are consistent with those described in such Company filings with the SEC as being applicable to Dr. Hecht.

There is no arrangement or understanding between Mr. Mallon and any other person pursuant to which he was selected as the Company's Executive Senior Advisor or Chief Executive Officer or a member of the Board. There is no family relationship between Mr. Mallon and any director, executive officer, or person nominated or chosen by the Company to become a director or executive officer of the Company. Mr. Mallon is not, and has not been since January 1, 2018, a participant in any transaction involving the Company, and is not a participant in any proposed transaction with the Company, required to be disclosed pursuant to Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

The full text of the press release issued in connection with the announcement of the management changes is attached as Exhibit 99.1 to this Current Report on Form 8-K. The foregoing descriptions of Mr. Mallon's Offer Letter, indemnification agreement and executive severance agreement do not purport to be complete and are qualified in their entirety by the full text of the Offer Letter, a copy of which is filed as exhibit 10.1 to this Current Report on Form 8-K, and the form of indemnification agreement and the form of executive severance agreement, which were filed as Exhibit 10.12 to the Company's Registration Statement on Form S-1 (as amended) filed with the SEC on December 23, 2009 and Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2018, respectively.

This Current Report on Form 8-K contains forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, including statements about the completion, timing, structure and terms of the proposed separation and the leadership and boards of directors of each of the Company and Cycleron following the separation. Each forward-looking statement is subject to risks and uncertainties that could cause actual events to differ materially from those expressed or implied in such statement. Applicable risks and uncertainties include those related to the possibility that the Company may not complete the separation on the terms or timeline currently contemplated, if at all; the risk that the management and boards of directors of the Company and Cycleron will be different than currently contemplated; and the risks listed under the heading "Risk Factors" and elsewhere in the Company's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2018, and in the Company's subsequent SEC filings, including SEC filings related to the proposed separation. These forward-looking statements (except as otherwise noted) speak only as of the date of this Current Report on Form 8-K, and the Company undertakes no obligation to update these forward-looking statements.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description
10.1	Offer Letter, dated January 3, 2019, between Ironwood Pharmaceuticals, Inc. and Mark Mallon
99.1	Ironwood Pharmaceuticals, Inc. Press Release dated January 4, 2019

SIGNATURES

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 hereunto duly authorized.

Ironwood Pharmaceuticals, Inc.

Dated: January 4, 2019

By: /s/ Halley E. Gilbert
Name: Halley E. Gilbert
Title: Senior Vice President, Chief Legal Officer and Secretary



January 3, 2019

Mark Mallon
89 Bickenhall Street
London, UK W1U6BS

Re: Offer of Employment

Dear Mark:

On behalf of all my colleagues at Ironwood, I am delighted to provide you with the terms and conditions of your anticipated employment by Ironwood Pharmaceuticals, Inc., a Delaware corporation (the “Company” or “Ironwood”). This offer and the terms of your employment with the Company (including compensation, benefits and equity awards) are subject to and conditioned upon the approval of the Company’s Board of Directors (the “Board”) in all respects.

1. **Position.** Your initial position will be that of Executive Senior Advisor, reporting to the Chair of the Governance and Nominating Committee of the Board (the “GNC Chair”). You will be responsible for performing executive level duties and responsibilities as the GNC Chair may assign. As a full-time employee of the Company, you will be expected to devote your full-time business time and energies to the business and affairs of the Company. It is understood and agreed that the Board will elevate you to the position of the Company’s Chief Executive Officer (“CEO”) when the Company’s current CEO (the “Existing CEO”) departs from that role and the anticipated separation of the Company’s soluble guanylate cyclase business is completed (the “Separation”), subject to your satisfactory performance of your role as Executive Senior Advisor as determined by the Board in its reasonable good faith discretion. If you become CEO of the Company, and subject to Board approval, you will also serve as a member of the Board. In the event you are not selected as the Company’s CEO at the time the Existing CEO ceases serving in that role and the Separation is completed, and provided you are not otherwise terminated by the Company for “Cause” (as defined in the Executive Severance Agreement which is being provided to you along with this offer letter), such failure to promote you to the CEO role shall be a “Good Reason” condition under the Executive Severance Agreement. Following the execution date of this offer letter, the Company will issue a press release stating that the Board intends to promote you to the position of CEO of the Company in connection with the completion of the Separation, and that you will serve as the Executive Senior Advisor in the interim.

2. **Starting Date/Nature of Relationship.** Your employment will start on January 4, 2019, unless a later date is agreed to by the Company (the “Start Date”) which you acknowledge is more than ten (10) business days after you first received this offer letter and the Restrictive Covenants Agreement (as defined below), subject to approval of the Board. No provision of this offer letter shall be construed to create an express or implied employment contract for a specific period of time. Either you or the Company may terminate the employment relationship at any time and for any reason.

3. Compensation.

- (a) Your initial base salary for this exempt position will be paid bi-weekly, equal to \$750,000.00 per year. For the avoidance of doubt, you will not be eligible for an increase in your base salary in 2019 as part of the Company's 2018 performance review cycle.
- (b) As soon as practicable after the Start Date, you will be granted an option to purchase shares of Class A Common Stock of the Company ("Shares") pursuant to the terms and conditions of the Company's standard form of option agreement with an aggregate Black-Scholes value equal to \$1,000,000.00 at the time of such grant, as determined by the Company in its sole discretion (rounded down to the nearest whole number of options) (the "Initial Option"). The exercise price of the Initial Option shall be the fair market value of the Company's Class A Common Stock at the time of grant of the Initial Option. The Initial Option will be subject to vesting based on your continued employment by the Company on each vest date: 25% shall vest one year from the Start Date, with the balance vesting equally on a monthly basis over the subsequent three years.
- (c) As soon as practicable after the Start Date, you will also be granted Restricted Stock Units ("RSUs") pursuant to the terms and conditions of the Company's standard form of RSU agreement with an aggregate value of \$1,000,000.00 at the time of such grant, utilizing the average closing prices of the Shares over the 20 trading days immediately preceding the date of grant to determine the number of RSUs to be granted, as determined by the Company in its sole discretion (rounded down to the nearest whole number of RSUs). Each such RSU shall represent the right to receive one Share that will be issued to you in accordance with the following vesting schedule, subject to your continued employment by the Company on each vest date: 25% shall vest on each approximate anniversary of the grant date over four years.

For the avoidance of doubt, you will not be eligible for an equity award in 2019 as part of the Company's 2018 performance review cycle.

- (d) If you become the Company's CEO, as soon as practicable after the date you begin in the CEO role, you will be granted an option to purchase Shares pursuant to the terms and conditions of the Company's standard form of option agreement with an aggregate Black-Scholes value equal to \$2,500,000.00 at the time of such grant, as determined by the Company in its sole discretion (rounded down to the nearest whole number of options) (the "Additional Option"). The exercise price of the Additional Option shall be the fair market value of the Company's Class A Common Stock at the time of grant of the Additional Option. The Additional Option will be subject to vesting based on your continued employment by the Company on each vest date: 25% shall vest one year from the Start Date, with the balance vesting equally on a monthly basis over the subsequent three years.
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If you become the Company's CEO, as soon as practicable after the date you begin in the CEO role, you will also be granted RSUs, pursuant to the terms and conditions of the Company's standard form of RSU agreement with an aggregate value of \$2,500,000.00 at the time of such grant, utilizing the average closing prices of the Shares over the 20 trading days immediately preceding the date of grant to determine the number of RSUs to be granted, as determined by the Company in its sole discretion (rounded down to the nearest whole number of RSUs). Each such RSU shall represent the right to receive one Share that will be issued to you in accordance with the following vesting schedule, subject to your continued employment by the Company on each vest date: 25% shall vest on each approximate anniversary of the grant date over four years.

Notwithstanding anything herein to the contrary, in no event will you be entitled to receive grants of more than 1,000,000 Shares (or RSUs or Options for Shares) in any fiscal year in the aggregate, and any grants hereunder shall be reduced by any amount as is necessary to comply with this limitation.

- (e) You will be eligible for a target bonus of 75% of your base salary, based on achievement of goals developed by the Board after consultation with you, and the Company's achievement of its corporate goals. These goals, and the terms of the target bonus, will be communicated to you at a later date. For the avoidance of doubt, you will not be eligible for a bonus in 2019 as part of the Company's 2018 performance review cycle.
 - (f) You will receive a one-time bonus of \$880,000.00 (less applicable taxes) on the Company's next regular payroll date following your Start Date. This bonus is treated as taxable income. If you terminate your employment for any reason on or before the first anniversary of your Start Date, or the Company terminates your employment within such period for Cause (as defined in the Executive Severance Agreement), this one-time bonus must be fully repaid to the Company within 30 days of termination or at such later time as the Company may permit in its sole discretion. If you terminate your employment for any reason after the first anniversary of your Start Date but on or before the second anniversary of your Start Date, or the Company terminates your employment within such period for Cause (as defined in the Executive Severance Agreement), fifty percent (50%) of this one-time bonus must be repaid to the Company within 30 days of termination or at such later time as the Company may permit in its sole discretion. The Company retains the right to reconcile any final amount of pay owed to you to recoup this payment, if necessary and consistent with applicable law.
 - (g) You will be eligible for relocation services under the Company's relocation program through MoveTrek in order to support your relocation to the Boston/Cambridge area. Notwithstanding anything to the contrary under the Company's relocation program, you will be entitled to Temporary Living benefits for up to six (6) months immediately following the Start Date. If you terminate your
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employment for any reason within twelve (12) months following the payment date of your last relocation reimbursement, or the Company terminates your employment within such period for Cause (as defined in the Executive Severance Agreement), the full amount of all relocation reimbursements must be fully repaid to the Company within 30 days of termination or at such later time as the Company may permit in its sole discretion. The Company retains the right to reconcile any final amount of pay owed to you to recoup this payment, if necessary and consistent with applicable law.

4. Separation Benefits. You will be eligible for benefits in the event of your separation from the Company in accordance with the terms of the Executive Severance Agreement.

5. Other Benefits. You will be entitled as an employee of the Company to receive such benefits as are generally provided to its employees in accordance with Company policy as in effect from time to time. The Company retains the right to change, add or cease any particular benefit. Current benefits include: medical and dental insurance, disability and life insurance, 401k plan, flexible spending plan, vacation, and holidays. Details about these benefit plans will be made available for your review.

6. Restrictive Covenants Agreement. The Company considers the protection of its confidential information and proprietary materials to be very important. Therefore, as a condition of your employment, you and the Company will become parties to a Proprietary Information and Intellectual Property and Noncompetition Agreement (the "Restrictive Covenants Agreement") which you acknowledge and agree was provided to you along with this offer letter at least ten (10) business days before the commencement of your employment. Given the nature of your position, and notwithstanding anything to the contrary in the Restrictive Covenants Agreement, you and the Company acknowledge and mutually agree that the Restrictive Covenants Agreement is hereby amended such that in the event (i) you resign from your employment or the Company terminates your employment for Cause (as defined in the Restrictive Covenants Agreement), (ii) you do not enter into a Separation Agreement (as defined in the Executive Severance Agreement), and (iii) the Company does not waive the post-employment noncompetition restrictions in Paragraph 5(a) of the Restrictive Covenants Agreement, then, in lieu of any garden leave pay obligations, the Company will provide you with an extended exercise period from the date your employment ends (the "Separation Date") to the one year anniversary of the Separation Date in which you may exercise outstanding unexercised stock options granted pursuant to the Company's equity incentive plans that have vested as of the Separation Date, provided if the original expiration date of a stock option is an earlier date, such original expiration date shall continue to apply. If you hold any "incentive stock options," the extension of the exercise period may convert such incentive stock options to non-qualified options. The Restrictive Covenants Agreement shall otherwise be in full force and effect in accordance with its terms. You acknowledge and agree that you had a right to consult with counsel prior to signing the Restrictive Covenants Agreement.

7. General.

- (a) This offer letter, the Restrictive Covenants Agreement and the Executive Severance Agreement constitute our entire agreement as to the terms of your employment by the Company and will supersede any prior agreements or understanding, whether in writing or oral.
- (b) As required by law, this offer is subject to satisfactory proof of right to work in the United States.
- (c) This letter shall be governed by the laws of the Commonwealth of Massachusetts, without application of its principles of conflict laws.

In addition, by accepting this offer, you represent and warrant to the Company that from and after your Start Date (which will be determined at a later date), you will not be subject to any noncompetition or other agreement prohibiting you from performing services for the Company to the full extent contemplated by this letter. In addition, should you become legally prohibited from performing services for the Company to the full extent contemplated by this letter, or should the Company reasonably believe that you are legally prohibited from performing services to the full extent contemplated by this letter, the Company shall have the right to rescind your offer and/or immediately terminate your employment.

The Company reserves the right to modify, rescind or revoke this offer or the terms of your employment with the Company at any time for any reason.

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We at Ironwood are very excited at the prospect of your joining our team, and we look forward to working together with you to build a great entrepreneurial pharmaceutical company.

Sincerely,

IRONWOOD PHARMACEUTICALS, INC.

/s/ Julie McHugh

Julie McHugh

Chair, Governance and Nominating Committee of the Board of Directors

ACCEPTED this 3rd day of January, 2019:

/s/ Mark Mallon

Mark Mallon



FOR IMMEDIATE RELEASE

**Ironwood Pharmaceuticals Announces Chief Executive Officers to Lead Ironwood and Cycleron,
Effective Upon Upcoming Separation**

— Mark Mallon to become CEO of Ironwood —

— Peter Hecht, founder and current CEO of Ironwood, to become CEO of Cycleron (R&D Co.) —

— Separation on track for completion in first half of 2019 —

CAMBRIDGE, Mass., January 4, 2019 — Ironwood Pharmaceuticals, Inc. (NASDAQ: IRWD) today announced that the Ironwood board of directors has appointed chief executive officers (CEOs) of the two companies, effective at the time of Ironwood's planned separation which is on track to be completed in the first half of 2019.

- Industry veteran Mark Mallon will become CEO and a director of Ironwood, a gastrointestinal (GI) healthcare company. Mr. Mallon is joining Ironwood effective immediately as executive senior advisor, working closely with Peter Hecht, founding CEO of Ironwood, through the separation.
- Peter Hecht will become CEO and a director of Cycleron Therapeutics, Inc. (Cycleron), the soluble guanylate cyclase (sGC) biotechnology business focused on the development of five sGC stimulators targeting the treatment of serious and orphan diseases.

Terrance G. McGuire, Ironwood's chairman of the board of directors, commented, "We are delighted to name Mark and Peter to their new roles following the separation, as each of them is uniquely suited to maximize the value of the business they will lead. Mark's extensive experience building and shaping businesses, combined with his deep knowledge of GI, will be invaluable as he works to take Ironwood to the next level and create significant value for Ironwood stakeholders. Peter is an incredible entrepreneur and leader, and his passion for creating drugs that can change patients' lives positions him and the team for success at Cycleron."

Mr. Mallon joins Ironwood following a distinguished 24-year career at AstraZeneca where he held a variety of senior executive positions. He most recently served as a member of its executive committee, reporting to the CEO, as executive vice president of global product and portfolio strategy leading global marketing, commercial operations, pricing and market access, medical affairs and corporate affairs for AstraZeneca's \$18 billion pharmaceutical business. Mr. Mallon has a strong track record of

success building industry-leading businesses in the U.S. and globally. Prior to his most recent role, he launched AstraZeneca's emerging market strategy and led its multi-billion-dollar international business, including in China where AstraZeneca was the second largest and fastest growing multinational pharmaceutical company. In his leadership roles at AstraZeneca, including president of AstraZeneca China, chief operating officer of AstraZeneca Japan, vice president of U.S. sales and marketing operations and president of AstraZeneca Italy, Mr. Mallon delivered several best-in-class new product launches. He is also widely renowned for building leading GI franchises, earned from his time leading the U.S. commercial and drug development programs for all AstraZeneca GI products. During his tenure running U.S. GI therapeutics for AstraZeneca, sales of PRILOSEC — already the largest selling pharmaceutical in the world — grew 35% and the company successfully launched NEXIUM®, ENTOCORT® EC and PRILOSEC OTC® (with partner The Procter & Gamble Company). Mr. Mallon has a B.S. in chemical engineering from the University of Pennsylvania and an M.B.A. in marketing and finance from the Wharton School of Business.

Peter Hecht has served as Ironwood's CEO and director since co-founding the company in 1998. Under his leadership, Ironwood has grown from nine Ph.D. scientists to a commercial biotechnology company that discovered and developed and is now commercializing LINZESS® (linaclotide) — the branded prescription market leader in its class. Additionally, during his tenure the company has pioneered new areas of science, delivered a development portfolio with seven promising drug candidates, and established a valuable network of global partnerships. Prior to founding Ironwood, Dr. Hecht was a research fellow at Whitehead Institute for Biomedical Research, an affiliate of Massachusetts Institute of Technology. He earned his Ph.D. in molecular biology from the University of California at Berkeley as well as a B.S. in mathematics and an M.S. in biology from Stanford University.

"From day one, it has been a privilege to work with every one of our teammates to build Ironwood into a thriving business that is on the cusp of launching two exciting new companies. I look forward to completing the separation and joining the Cyclerion team to help drive forward the five development opportunities that have emerged from our pioneering work in sGC pharmacology," said Dr. Hecht. "I am thrilled that Mark is joining as Ironwood's CEO at this pivotal juncture, and I look forward to cheering on him and his team as they build an industry-leading GI business. I am working closely with Mark, our board and our entire management team to complete the separation that we believe will create two focused companies poised for long-term growth and well positioned to help patients and create value for shareholders."

"I am deeply honored to join Ironwood at this critical moment and to work with the team to build a leading GI franchise, which begins with accelerating the commercial success to-date with LINZESS and advancing our late-stage, first-in-category development candidates for persistent GERD and intestinal pain towards the market," said Mr. Mallon. "Peter and the team have done a tremendous job building Ironwood over these past 20 years. The new Ironwood team now has an opportunity to build on this strong foundation to drive further growth and innovation within the GI market and to deliver a profitable business focused on bringing differentiated GI therapies to patients. Peter and I are already working together with the team toward a smooth transition and to launch this exciting new company."

Ironwood is on track to complete the separation in the first half of 2019, subject to customary conditions, including a favorable opinion with respect to the tax-free nature of the transaction, and final approval of Ironwood's board of directors.

About Ironwood Pharmaceuticals

Ironwood Pharmaceuticals (Nasdaq: IRWD) is a commercial biotechnology company focused on creating medicines that make a difference for patients, building value for our fellow shareholders, and empowering our passionate team. We discovered, developed and are commercializing linaclotide, the U.S. branded prescription market leader for adults with irritable bowel syndrome with constipation (IBS-C) or chronic idiopathic constipation (CIC). Our pipeline priorities for linaclotide include a Phase IIIb trial evaluating its efficacy and safety on multiple abdominal symptoms, including abdominal bloating, pain, and discomfort in adult patients with IBS-C, as well as research into a formulation of linaclotide designed to relieve pain across all IBS subtypes.

We are also advancing a pipeline of innovative product candidates in areas of significant unmet need, including persistent gastroesophageal reflux disease, diabetic nephropathy, heart failure with preserved ejection fraction and sickle cell disease. Ironwood was founded in 1998 and is headquartered in Cambridge, Mass. We intend to separate into two independent, publicly traded companies (Ironwood and Cycleron), a transaction expected to be completed in the first half of 2019. For more information, please visit www.ironwoodpharma.com or www.twitter.com/ironwoodpharma; information that may be important to investors will be routinely posted in both these locations.

Forward-Looking Statements

This press release contains forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, including statements about the leadership of each of Ironwood and Cycleron following the separation, the strength and value thereof, and the leadership's anticipated impact on Ironwood and Cycleron's businesses, growth, business strategies, pipeline advancement, productivity and the potential of their products and product candidates, as well as statements about the timing of any of the foregoing; the proposed separation of our operations into two independent, publicly traded companies, including the status, structure, completion and timing of the separation; the business and operations of Ironwood and Cycleron and any benefits or costs of the separation, including the tax treatment; the business and operations of each company and the benefits of a potential separation, including with respect to Ironwood's and Cycleron's competitive position, attractiveness to investors and enhanced operational, commercial and scientific effectiveness; and expectations and timing regarding Ironwood's ability to achieve profitability. 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 risk that the management of the Company and Cycleron will be different than currently contemplated; the possibility that we may not complete the separation on the terms or timeline currently contemplated, if at all, that we may not achieve the expected benefits of a separation, and that a separation could harm our business, results of operations and financial condition; the risk that we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as independent companies; Cycleron'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; and the risks listed under the heading “Risk Factors” and elsewhere in Ironwood’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, and in our subsequent SEC filings, including SEC filings related to the proposed separation. 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.

Media and Investors:

Meredith Kaya, 617-374-5082

Vice President, Investor Relations and Corporate Communications

mkaya@ironwoodpharma.com