Ironwood 3Q 2016 Investor Update

November 3, 2016

Introduction

Meredith Kaya
Director, Investor Relations

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 development, launch and commercial potential of linaclotide, lesinurad, our product candidates and the other products that we promote and the drivers, timing, impact and results thereof; market size, growth and opportunity, including peak sales and the potential demand for linaclotide, lesinurad and our product candidates, as well as their potential impact on applicable markets; the potential indications for, and benefits of, linaclotide, lesinurad and our product candidates; the anticipated timing of preclinical, clinical and regulatory developments and the design, timing and results of clinical and preclinical studies; the potential for, and timing of, regulatory submissions and approvals for linaclotide, lesinurad and our product candidates; milestone and royalty payments; expected periods of patent exclusivity; the strength of the intellectual property protection for linaclotide, lesinurad and our product candidates and our intentions and efforts to protect such intellectual property; ANDAs filed by generic drug manufacturers and potential FDA approval thereof, and associated patent infringement suits that we may file or other action that we may take against such companies, and the timing thereof; expectations regarding the issuance of our 8.375% notes due 2026 and the redemption of our 11% PhaRMA Notes, and the timing thereof; our potential for rapid, sustainable, high-margin growth and shareholder returns; and 2016 financial performance and results, and guidance and expectations related thereto, including expectations regarding the need for future financings, cash flows (including cash use for operations), profitability, operating expenses (including R&D expenses, SG&A expenses and amortization of intangible assets), LINZESS marketing and sales expense, revenue growth, operating leverage, commercial margin, net sales and cash flow accretion. 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 the risk that we are unable to successfully integrate lesinurad into our existing business, commercialize lesinurad or realize the anticipated benefits of the lesinurad transaction; those related to the effectiveness of commercialization efforts by us and our partners; preclinical and clinical development, manufacturing and formulation development; our reliance on AstraZeneca to provide critical support services related to lesinurad; 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 product candidates; decisions by regulatory authorities; the risk that we may never get sufficient patent protection for linaclotide and our product candidates or that we are not able to successfully protect such patents; 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 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; and the risks listed under the heading "Risk Factors" and elsewhere in Ironwood's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, and in our subsequent SEC filings. These forward-looking statements (except as otherwise noted) speak only as of the date of this presentation, 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 page 14 of this presentation.

3Q 2016 Overview

Peter Hecht
Chief Executive Officer

Ironwood 3Q16: Successful Commercial Biotech

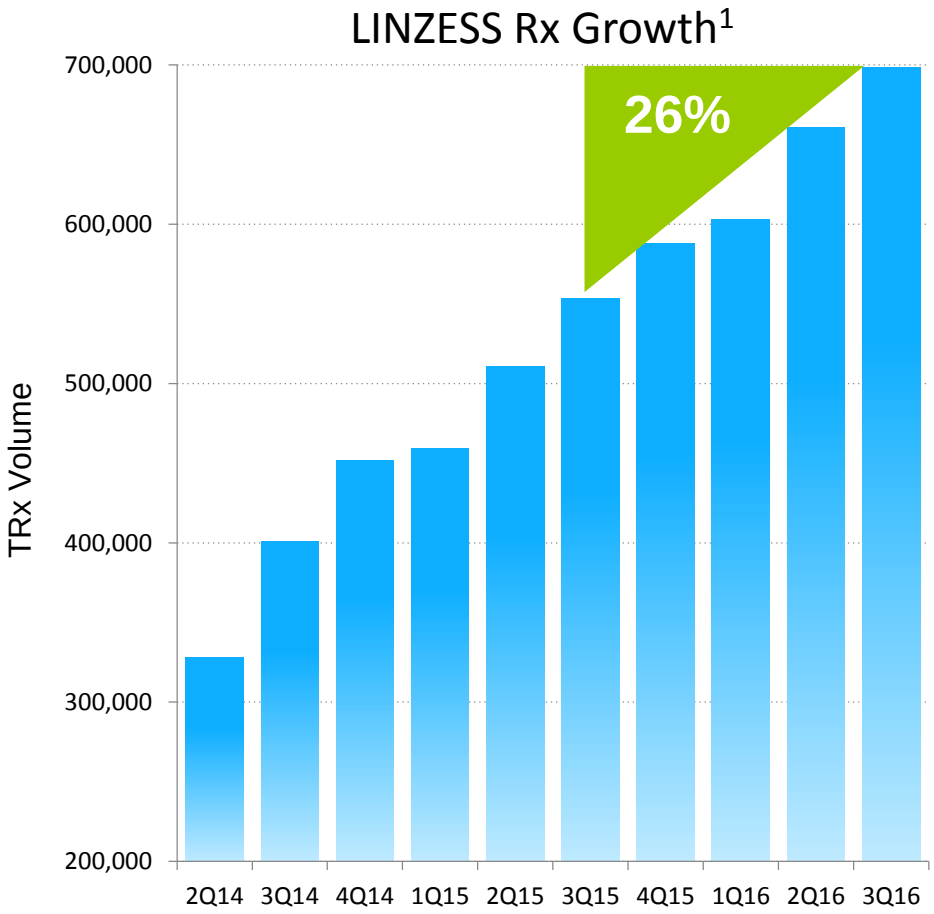
Continued execution; opportunity for sustainable value creation

- **Ironwood revenue increased 67% to $66 million in 3Q 2016 over 3Q 2015**
- **LINZESS® (linaclotide) growing strongly; on track to exceed $1 billion in annual net sales by 2020**
  - U.S. net sales increased 40% to $164 million in 3Q 2016 over 3Q 2015
  - >60% commercial margin
- **ZURAMPIC® (lesinurad) launched in October 2016**
  - Focused salesforce bringing both LINZESS and ZURAMPIC to ~30 thousand high prescribing, primary care physicians
- **$320 million in cash & investments + strong revenue growth→ expect to deliver positive cash flow beginning in 2018**

3Q 2016
Commercial Update

Tom McCourt
Chief Commercial Officer

Strong LINZESS Demand Reinforces Brand Leadership Position in IBS-C/CIC Market



- ~700,000 TRx in 3Q16, 26% growth vs 3Q15[1]
- >5.5 million TRx filled by >1 million unique patients since launch[1,2]
- >17% increase in NRx market share, >22% increase in TRx market share YTD through 3Q 2016[1]
- >90% unrestricted access in Medicare Part D, >70% in commercial health plans[3]

Linzess™ (linaclotide) capsules

Sources: 1) IMS NPA Sept 2016, 2) IMS Total Patient Tracker Jan 2016 3) Fingertip Formulary Aug 2016

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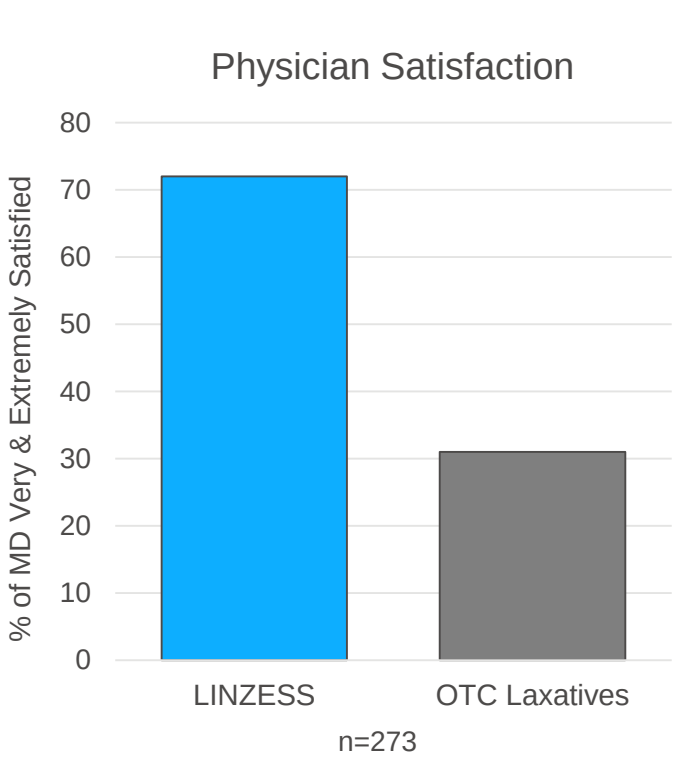
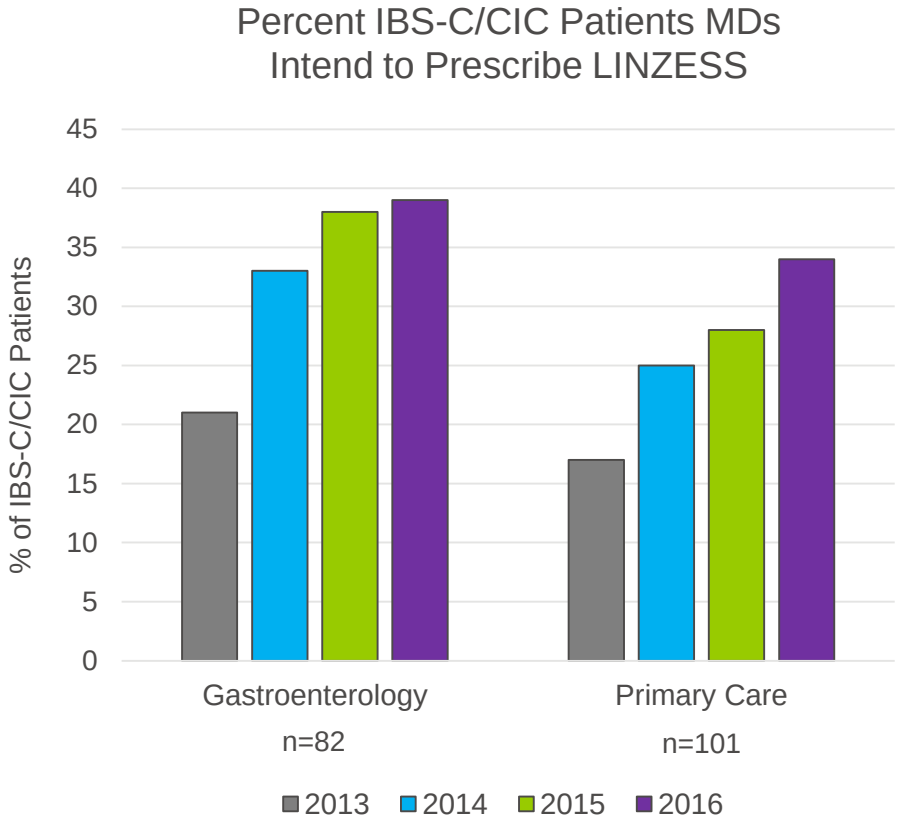
Most Surveyed Physicians are Highly Satisfied; Intention to Prescribe LINZESS Nearly Doubled since Launch

Physician Attitude Assessment; September 2016





Physician Attitude Assessment, SRI, Sept 2016
Q: Thinking of your experience with each of the following product(s) used to treat IBS-C and/or CIC symptoms, please indicate how satisfied you are with the overall performance of each product used for the treatment of IBS-C and/or CIC.

Physician Attitude Assessment, SRI, Sept 2016
Q:Please think of all your IBS-C patients whom you will treat with medication in the next 3 months. For what percent of these patients do you expect to prescribe / recommend the following product(s)?

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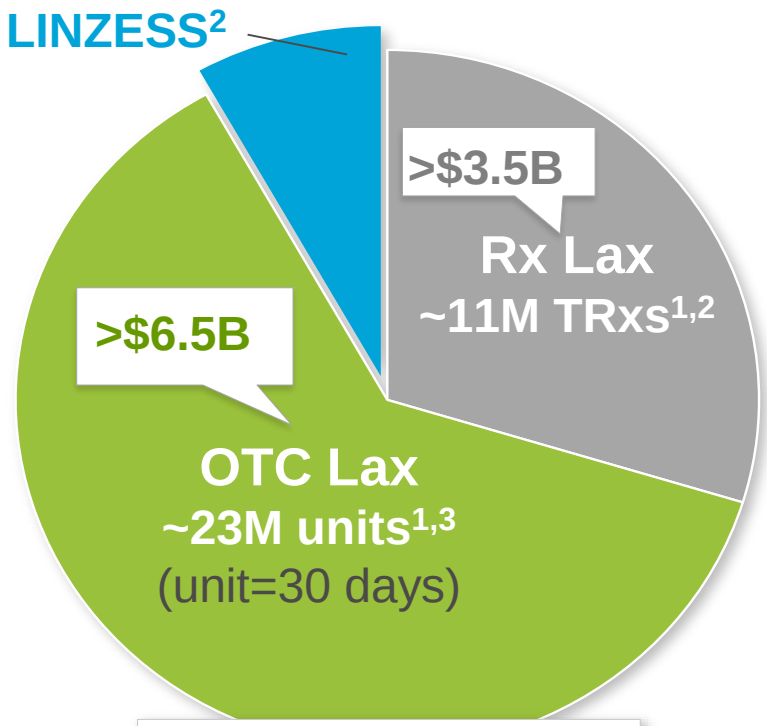
Significant Opportunity for Continued LINZESS Growth

>$6.5B Opportunity in OTC Market; 2/3 of LINZESS NRx from OTC[3]



Assumptions
- Branded medication priced $10.76/day
- TRx (30 day) priced $322/TRx

Key drivers of LINZESS growth

Educate and activate patients
through robust DTC campaign

Create urgency for HCPs
to recognize burden of IBS-C/CIC and to choose LINZESS

Secure broad payer access and reimbursement
by minimizing barriers to access

Linzess™ (linaclotide) capsules

Sources: 1) Chey, W. et al "Frequency and Bothersomeness of Symptoms, Health Care Seeking Behavior and Satisfaction with Therapy in IBS-C Patients Meeting ROME II Criteria: Results of a Population Based Survey"; Hoch, R, et al "Title: Symptom Frequency, Health Care Seeking Behavior, and Satisfaction with Therapy among Chronic Constipation Patients with Both Constipation and Abdominal Symptoms: Results of a Population-Based Survey"; 2) IMS NPA Sept 2016; 3) IMS/IRI June 2016; 4) IMS Market Dynamics July 2016

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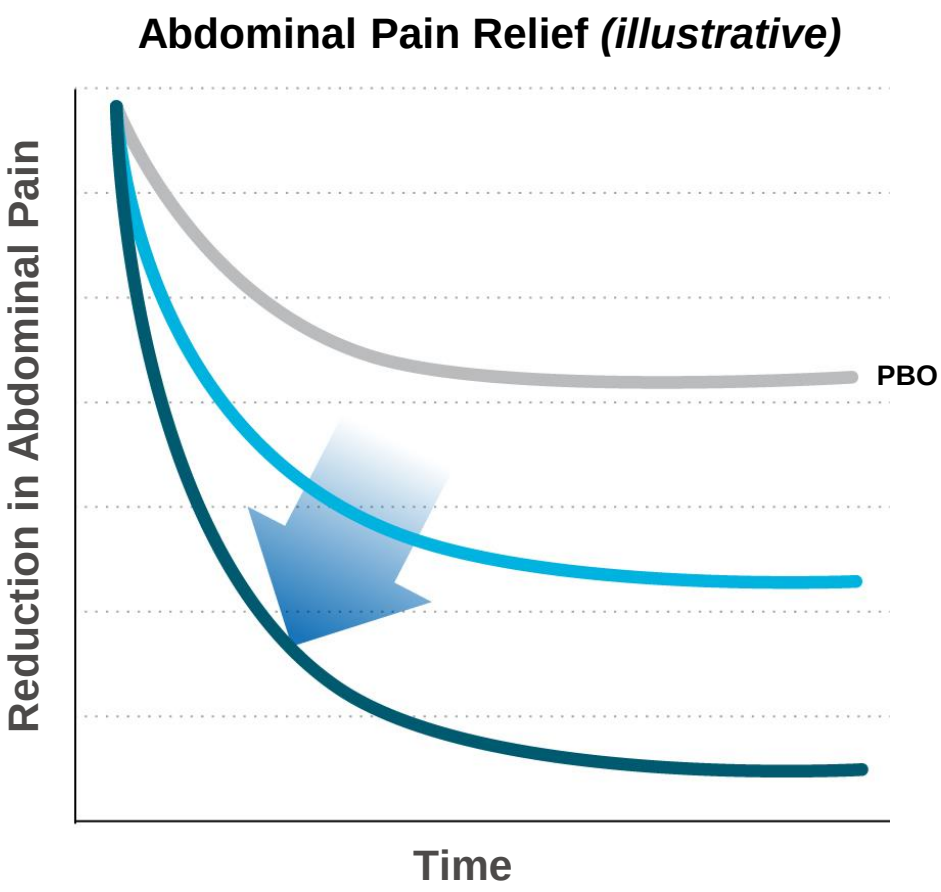
Linaclotide Colonic Release: Continued Innovation Provides Opportunity to Drive Growth and Expand IBS-C/CIC Market

LINZESS + Colonic Release represent >$2 billion peak U.S. sales opportunity



If approved, better symptom improvement can drive:

- Healthcare practitioners to **choose** for more patients
- Patients to be **more adherent** to treatment

Expected patent protection into mid-2030s

50/50 partnership with Allergan

Phase IIb IBS-C data expected 4Q 2016

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ZURAMPIC: Launch Strategy Focused on Key Efforts Necessary to Drive Growth

MD **URGENCY** to change treatment

- Patients in need easily identified
- Understand need to get uncontrolled patients to sUA goal
- Recognize limited treatment options for patients beyond XOI

Payer **WILLINGNESS** to serve patient need

- Appreciate level of patient suffering / need
- Agree evidence supports treatment choice
- Reasonable access & reimbursement

Patients **ACTIVELY** engaged in care

- Proactively describe health problem
- Positive treatment experience
- Advocate efficacy and satisfaction

ZURAMPIC® lesinurad 200mg tablets

Ironwood

3Q 2016
Financial Summary

Tom Graney
Chief Financial Officer and SVP, Finance and Corporate Strategy

3Q 2016 Ironwood Financial Summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended September 30, 2016	
	000s, except per share amounts	
Total revenue	$	66,106
Cost and expenses:		
Cost of revenue		–
Research and development		37,526
Selling, general and administrative		44,987
Amortization of acquired intangible asset		3,213
(Gain)/Loss on fair value remeasurement of contingent consideration		8,667
Total cost and expenses		94,393
Loss from operations		(28,287)
Other expense, net		(4,917)
GAAP net loss	$	(33,204)
GAAP net loss per share – basic and diluted	$	(0.23)
Non-GAAP net loss	$	(25,865)
Non-GAAP net loss per share – basic and diluted	$	(0.18)

*Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on page 13 of this presentation.

3Q 2016 Ironwood Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended September 30, 2016 (000s, except per share amounts)
GAAP net loss	$ (33,204)
Adjustments:	
Mark-to-market adjustments on the derivatives related to convertible notes, net	(4,541)
Amortization of acquired intangible asset	3,213
Fair value remeasurement of contingent consideration	8,667
Non-GAAP net loss	$ (25,865)
GAAP net loss per share (basic and diluted)	$ (0.23)
Adjustments to GAAP net loss (detailed above)	0.05
Non-GAAP net loss per share (basic and diluted)	$ (0.18)

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. The company has presented non-GAAP net loss and non-GAAP net loss per share in prior calendar quarters, and this is the first calendar quarter in which the company has the fair value remeasurement of contingent consideration that is excluded from such non-GAAP financial measures. 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 November 3, 2016.

3Q 2016 LINZESS Financial Summary

LINZESS® U.S. Brand Collaboration

Ironwood Revenue/Expense Calculation

Commercial Pool

	Three Months Ended September 30, 2016 (000s)
LINZESS U.S. net product sales	$ 164,379
Commercial costs and expenses	64,136
Commercial profit on sales of LINZESS	$ 100,243 †
Commercial Margin	*61%*
Ironwood's share of net profit	50,122
Ironwood's selling & marketing	7,491
Profit share adjustment	2,370
Ironwood's collaboration revenue	$ 59,983

R&D Pool

LINZESS R&D expenses	$ 18,735 ‡
Ironwood's 50% Share	9,368

Ironwood & Allergan Combined U.S. LINZESS P&L

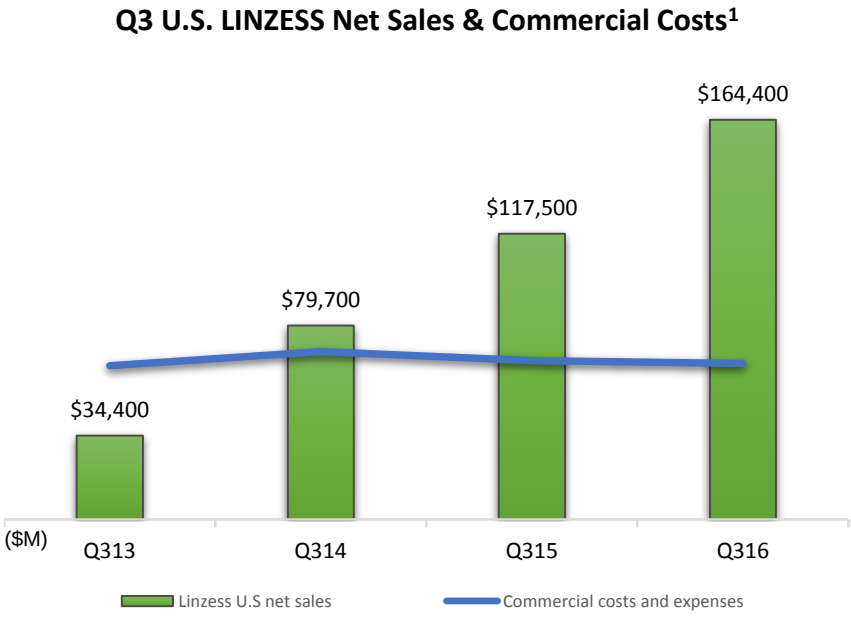
	Three Months Ended September 30, 2016 (000s)
LINZESS U.S. net product sales	$ 164,379
Commercial costs and expenses	64,136
R&D expenses	18,735 ‡
Net profit on sales of LINZESS	$ 81,508

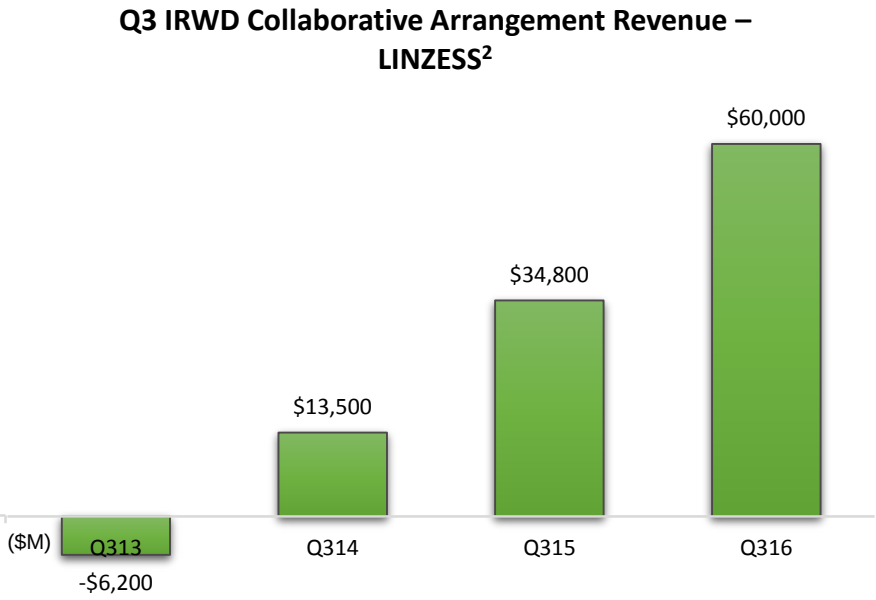
	3Q 2015		3Q 2016
LINZESS sales	$117.5M	**+ $46.9M**	$164.4M
Commercial contribution	$52.2M	**+ $48.0M**	$100.2M †

The purpose of the Commercial Pool table is to present the calculation of Ironwood's share of net profits or losses generated from sales of LINZESS in the U.S. and Ironwood's collaboration revenue or expense; the R&D Pool table presents the research and development expenses related to LINZESS in the U.S. that are shared equally between Ironwood and Allergan under the collaboration agreement.

Rapidly Growing LINZESS Sales and Commercial Margin Drive Ironwood Revenue Growth

>$1B in U.S. Linzess Net Sales Projected by 2020





Sources: 1) Provided by Allergan, plc 2) Recorded by Ironwood Pharmaceuticals, Inc.

Ironwood 2016 Financial Guidance

- **Ironwood now expects cash used for operations to be less than $50 million (vs prior guidance of less than $70 million)**
- **Ironwood continues to expect:**
  - Operating expenses:
    - $140 million to $150 million for R&D expenses
    - $170 million to $180 million for SG&A expenses
    - expected amortization of intangible assets of $8 million (not applicable prior to the U.S. lesinurad license)
  - LINZESS:
    - Combined Ironwood and Allergan marketing and sales expense for LINZESS in mid to higher end of $230 million to $260 million range

Building a Top-Performing Commercial Biotech

Entering period of expected rapid, sustainable, high-margin growth

2016 Goals

- ✓ ZURAMPIC U.S. launch
- ✓ Lesinurad Fixed Dose Combination filing
- ✓ sGC: Initiate multiple Phase II trials with IW-1973 and IW-1701
- Colonic Release: Phase IIb data

2017/2018 Goals

- Cash flow positive in 2018
- Continued expansion of LINZESS commercial margin
- ≥3 blockbuster opportunities in later-stage development
- ≥2 major linaclotide launches

2020 Goals

- Rapidly growing cash flows
- >$1B annual LINZESS net sales
- ≥2 new product launches
- ≥5 Phase III clinical programs

Potential upside through value-creating acquisitions and licensing

Ironwood

A COMMERCIAL BIOTECHNOLOGY COMPANY