Ironwood 1Q 2017 Investor Update

May 8, 2017

Introduction

Meredith Kaya

Senior Director, Investor Relations

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 development, launch, introduction and commercial potential of linaclotide, lesinurad, our product candidates and the other products that we promote and the drivers, timing, impact and results thereof (including pipeline catalysts); reduction of a significant risk from IW-3718, if Phase IIb data is positive; market size, prevalence, 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, and the level of risk associated with the path to approval; expected periods of patent exclusivity; commercial strategy, including plans to secure payer access and activate patients; the strength of the intellectual property protection for linaclotide, lesinurad and our product candidates and our intentions and efforts to protect such intellectual property; our potential for sustainable, high-margin growth and shareholder returns; and our financial performance and results, and guidance and expectations related thereto (including the drivers and timing thereof), including expectations related to Ironwood revenue CAGR and revenue growth, LINZESS U.S. net sales and growth, R&D, SG&A and marketing and sales expenses, net interest expense and cash used for operations. 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 effectiveness of development and 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 are unable to successfully integrate lesinurad into our existing business, commercialize lesinurad or realize the anticipated benefits of the lesinurad transaction; 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; 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 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 Annual Report on Form 10-K for the year ended December 31, 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 13 of this presentation.

1Q 2017 Overview

Peter Hecht

Chief Executive Officer

Ironwood: A Successful Commercial Biotech

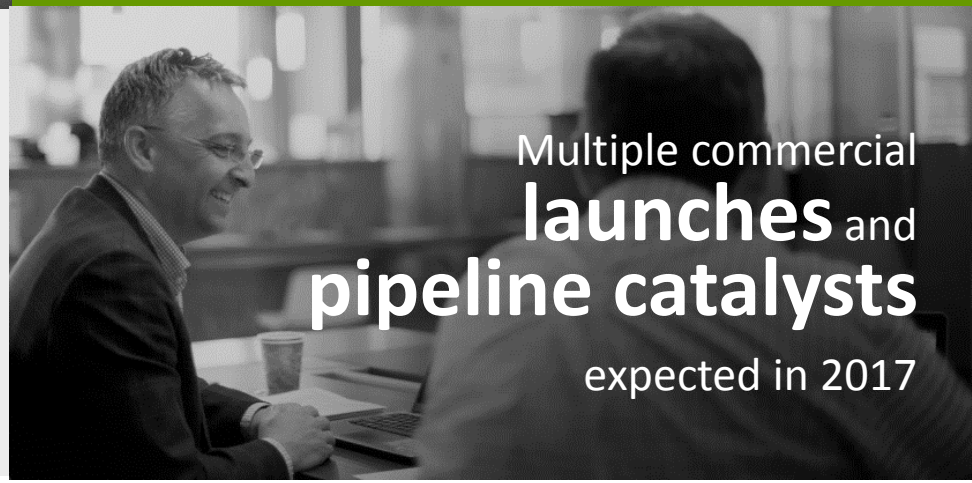
Creating outstanding value for patients and our fellow shareholders

Rapid growth

Expect >25% Ironwood revenue CAGR (2016-2020)[1]

Two innovative,
marketed products

Linzess® ZURAMPIC®



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1) The >25% Ironwood revenue CAGR calculation excludes any current or future revenue recognized in the period related to milestone payments to Ironwood, including approximately $39 million recognized in 2016.

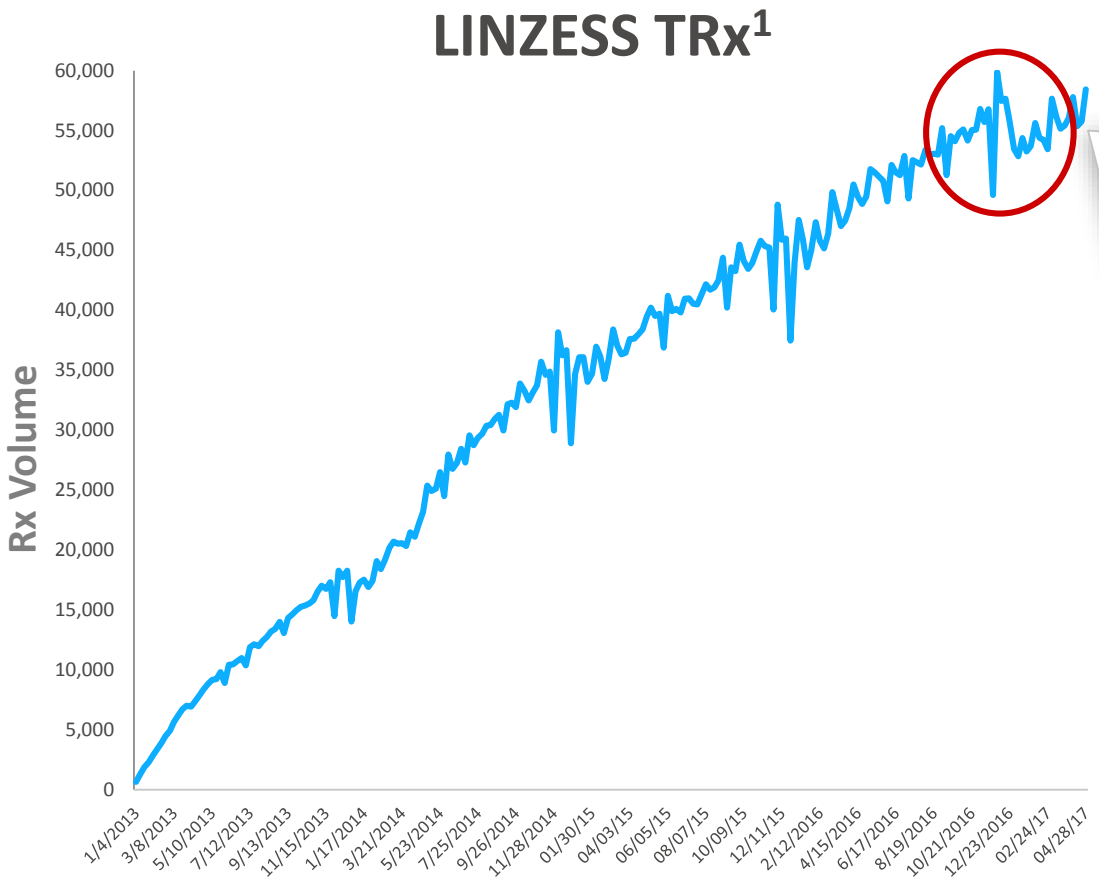
1Q 2017
Commercial Update

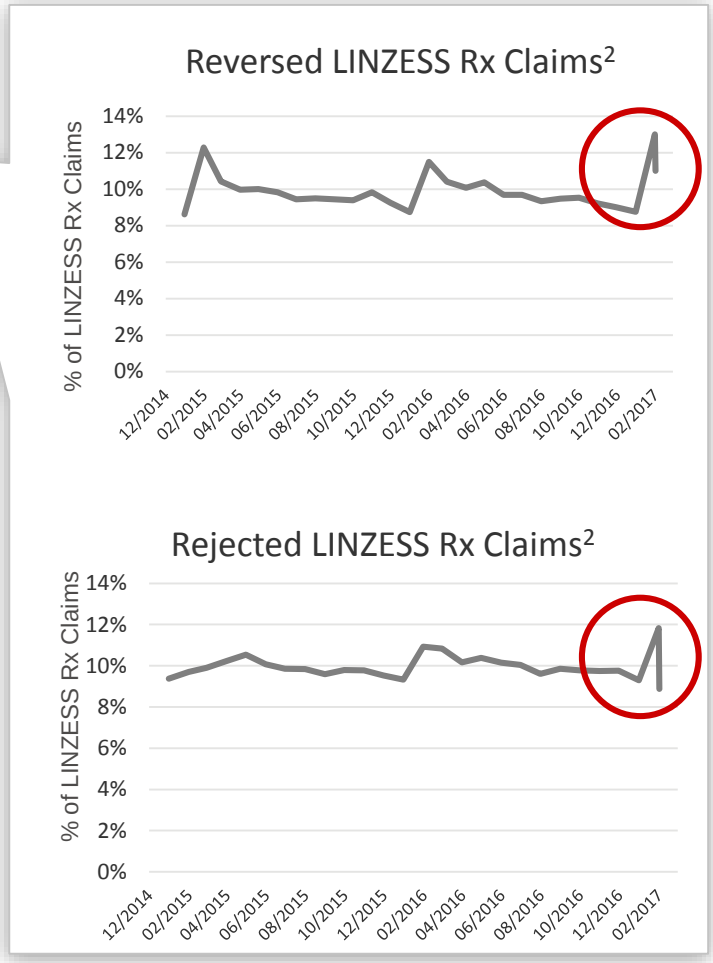
Tom McCourt

Chief Commercial Officer

LINZESS Demand Grew >20% in 1Q17 over 1Q16

1Q Impacted by Rejections/Reversals Due to High Deductible Plans





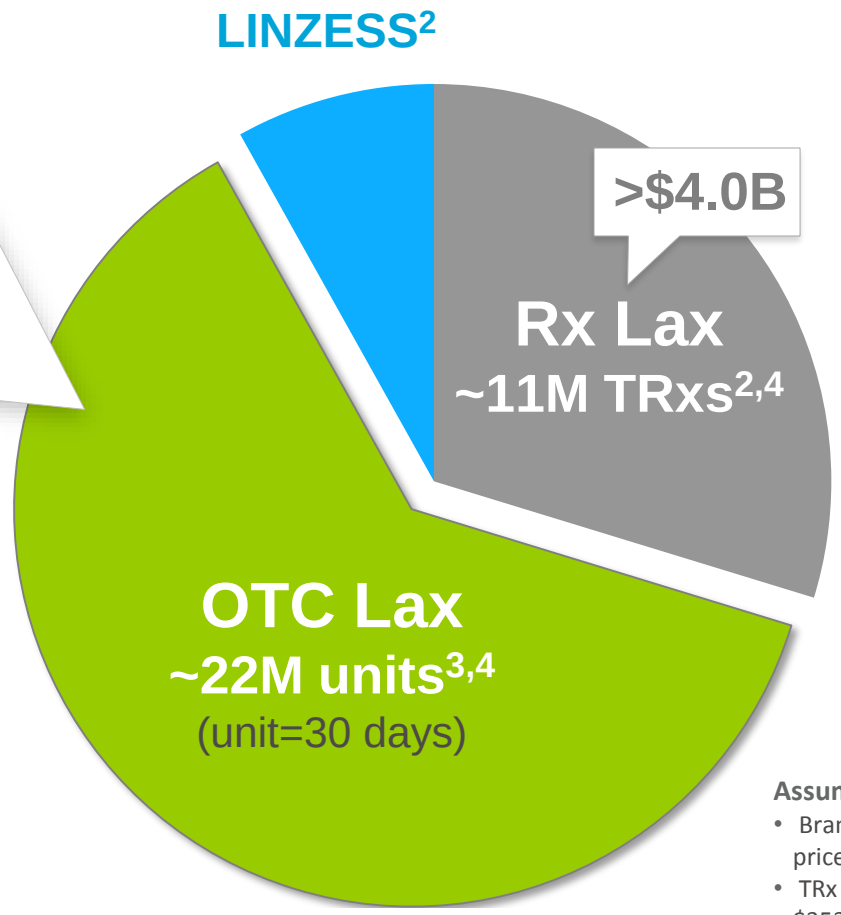
Source: 1) QuintilesIMS Weekly NPA, 2) QuintilesIMS FIA

Converting OTC Treated Patients Expected to Fuel Continued Growth of LINZESS

$7.5B+
OTC Lax Market

~70% patients dissatisfied
with OTC treatment[5]

2/3 of new LINZESS Rxs
come from OTC[1]



Assumptions
- Branded medication priced $11.78/day
- TRx (30 day) priced $353/TRx

Sources: 1) QuintilesIMS Custom Source of Business Feb-2017; 2) QuintilesIMS NPA Mar-2017; 3) QuintilesIMS/IRI June 2016; 4) 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"; 5) Lieberman "GI Patient Landscape Survey" 2010.

ZURAMPIC® and DUZALLO™:

Opportunity to Get More Uncontrolled Gout Patients to Goal

Estimated 2M Americans not reaching targeted sUA levels of <6mg/dL[1]

>$300M Estimated U.S. peak sales opportunity for uncontrolled gout franchise

Building a Gout Franchise

Stagnant	Advancement	Acceleration
XOI and Acute Treatment	ZURAMPIC + XOI	DUZALLO (lesinurad + allo FDC)
30+ years	TODAY	Expected late 2017 →

1) 2010 NHANES study estimate, grown at 3% AGR; Juraschek SP et al, Arthritis Care, 2015; Zhu Y et al, Arthritis Rheumatol, 2012; Wood R et al, J Rheumatol, 2016; Khanna P et al, Postgrad Med, 2016; Meyer M et al, Am. J Pharmacy Ben 2015; Primatesta P et al, BMC Musculoskeletal Dis. 2010; Singh JA et al, Arthritis Res & Ther, 2015; AZN/Decision Resource Market Research

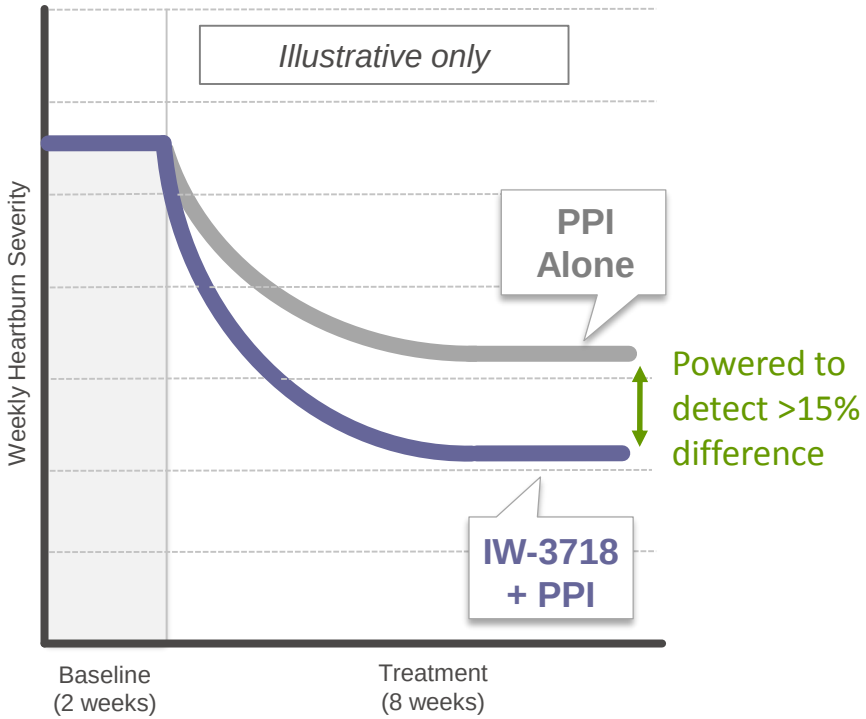
1Q 2017
R&D Update

Mark Currie

Chief Scientific Officer

Major Phase IIb Objectives: Evaluate Improvement in Heartburn Severity with IW-3718 (+ PPI) vs PPI Alone and Define Clinically Meaningful Response

Evaluate Improvement in Heartburn Severity



Define Clinically Meaningful Response

Patient-reported outcome data expected to:

- Define clinically meaningful response for ***first time*** in this category
- Reference with treatment effect
  - Inform Phase III go/no go decision
  - Advise Phase III endpoints, pending FDA discussions and Phase IIb data

Multiple Pipeline Catalysts Expected in 2017

- ✓ **Continued strong LINZESS growth; introduce LINZESS 72mcg dose** (1Q 2017)
- ✓ **LINZESS IBS-C launch in Japan** (1H 2017)
- **IW-3718 Phase IIb data in uncontrolled GERD** (mid-2017)
- **ZURAMPIC market development; DUZALLO launch, if approved** (2H 2017)
- **Linaclotide DR1 Phase III initiation in IBS-C** (2H 2017)
- **IW-1973 Phase IIa data in diabetic hypertension** (2H 2017)
- **IW-1973 Phase II initiations in rHTN, HFpEF, DN** (2H 2017)
- **IW-1701 Phase IIa data in achalasia** (2H 2017)

1Q 2017
Financial Summary

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

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1Q 2017 LINZESS Financial Summary

LINZESS U.S. Brand Collaboration

Ironwood Revenue/Expense Calculation

Commercial Pool

	Three Months Ended March 31, 2017 (000s)
LINZESS U.S. net product sales	$ 147,615
Commercial costs and expenses	70,929
Commercial profit on sales of LINZESS	$ 76,686
Commercial Margin	*52%*
Ironwood's share of net profit	$ 38,343
Ironwood's selling & marketing	11,109
Ironwood's collaboration revenue	$ 49,452

R&D Pool

LINZESS R&D expenses	$ 14,571
Ironwood's 50% Share	$ 7,285

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

	Three Months Ended March 31, 2017 (000s)
LINZESS U.S. net product sales	$ 147,615
Commercial costs and expenses	70,929
R&D expenses	14,571
Net profit on sales of LINZESS	$ 62,115

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.

1Q 2017 Ironwood Financial Summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended March 31, 2017 (000s, except per share amounts)
Total revenue	$ 52,166
Cost and expenses:	
Cost of revenue, excluding amortization of acquired intangible asset	531
Research and development	33,702
Selling, general and administrative	55,604
Amortization of acquired intangible asset	420
Loss on fair value remeasurement of contingent consideration	1,614
Total cost and expenses	91,871
Loss from operations	(39,705)
Other expense, net	(12,796)
GAAP net loss	$ (52,501)
GAAP net loss per share – basic and diluted	$ (0.36)
Non-GAAP net loss	$ (48,268)*
Non-GAAP net loss per share – basic and diluted	$ (0.33)*

*Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on page 15 of this presentation.

1Q 2017 Ironwood Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended March 31, 2017 (000s, except per share amounts)	
GAAP net loss	$	(52,501)
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net		2,199
Amortization of acquired intangible asset		420
Fair value remeasurement of contingent consideration		1,614
Non-GAAP net loss	$	(48,268)
GAAP net loss per share (basic and diluted)	$	(0.36)
Adjustments to GAAP net loss (detailed above)		0.03
Non-GAAP net loss per share (basic and diluted)	$	(0.33)

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 May 8, 2017.

On Track to Meet 2017 Financial Guidance

Ironwood continues to expect:

R&D Expenses	**$145 - $160 million**
SG&A Expenses	**$235 - $250 million**
Total LINZESS Marketing & Sales Expenses (IRWD + AGN)	**$250 - $280 million**
Net Interest Expense	**~$40 million**
Cash Used for Operations	**<$100 million**

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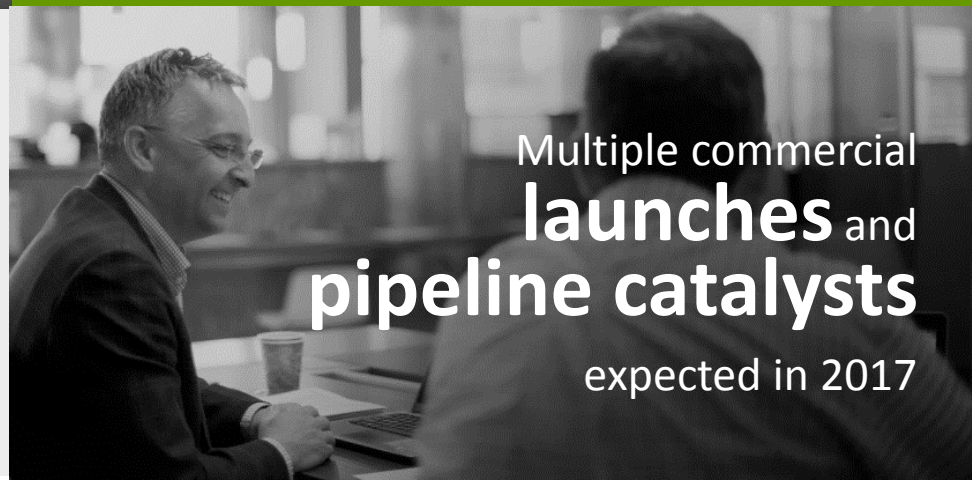

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A COMMERCIAL BIOTECHNOLOGY COMPANY