A COMMERCIAL BIOTECHNOLOGY COMPANY

Ironwood 1Q 2018 Investor Update

May 1, 2018

Introduction

Meredith Kaya

Vice President, Investor Relations
and Corporate Communications

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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 benefits of a potential separation, including with respect to Ironwood's and R&D Co.'s competitive position, attractiveness to investors and enhanced operational, commercial and scientific effectiveness; the timing, leadership, structure, including the division of assets among Ironwood and R&D Co., and impact of a separation; capital allocation; the strategy, including the intended development and commercialization plans for each of Ironwood and R&D Co., and potential corporate development opportunities; the tax free nature of the separation; the market size, commercial potential, prevalence, and the growth in, and potential demand for, linaclotide, lesinurad and other product candidates including peak sales (and the drivers, timing and impact thereof), for each of Ironwood and R&D Co., as applicable; the potential indications for, and benefits of, linaclotide, lesinurad and other product candidates, for each of Ironwood and R&D Co., as applicable; the strength of the intellectual property protection for linaclotide, lesinurad and other product candidates; growth in LINZESS prescriptions; the number of potential patients; the anticipated timing of preclinical, clinical and regulatory developments and the design, timing and results of clinical and preclinical studies; partnering strategies; expected periods of patent exclusivity, durability and life of the respective patent portfolios for linaclotide, lesinurad and other product candidates; Ironwood and R&D Co's financial performance and results, and guidance and expectations related thereto (including the drivers and timing thereof); and expectations related to revenue growth for in market products, commercial margin, cash flow and profitability growth and LINZESS U.S. net sales, LINZESS U.S. net sales CAGR, Ironwood revenue CAGR from the LINZESS U.S. collaboration, top-line growth, commercial margin, ex-U.S. revenue (including API revenue), and allocation of capital. 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 on the terms or timeline current contemplated, if at all, achieve the expected benefits of a separation, and that a 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 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 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 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, 2017, 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 slide 11 of this presentation.

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Creating Two Focused, Growth Companies

Peter Hecht
Chief Executive Officer

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Opportunity to Unlock Shareholder Value through Separation of sGC Business from Commercial + GI Business

Ironwood Today

LINZESS / CONSTELLA
Approved for treatment of adults with IBS-C and/or CIC

DUZALLO / ZURAMPIC
Approved for treatment of hyperuricemia in gout in adult patients

IW-3718
Persistent GERD (Phase III expected)

Linaclotide delayed release
Abdominal pain associated with IBS (Phase II expected)

Praliciguat (IW-1973)
Diabetic nephropathy, HFpEF (Phase II)

Olinciguat (IW-1701)
Sickle cell disease, Achalasia (Phase II)

IW-6463
Severe central nervous system diseases (pre-clinical)

Advanced discovery programs
Severe lung and liver diseases

NEW Ironwood Expected To:

- ✓ Be profitable beginning in 2019
- ✓ Focus on accelerating growth of in-market products and advancing development programs
- ✓ Target treatments for GI diseases, uncontrolled gout, and abdominal pain
- ✓ Execute on multi-faceted business development strategy

R&D Co. Expected To:

- ✓ Apply core competency in NO/sGC/cGMP pharmacology
- ✓ Advance multiple sGC programs focused on treatment of serious and orphan diseases
- ✓ Enter strategic partnerships to capture full value

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Overview of Strategic Rationale

We believe the planned separation will create, among other things:

- ✓ Two nimbler, more productive businesses with strengthened competitive positions
- ✓ Separate and distinct management teams focused on each business's unique strategic priorities, target markets, and corporate development opportunities
- ✓ Specifically tailored capital allocation strategies for each company
- ✓ Sharpened investment theses that attract a long-term shareholder base suited to each business

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1Q 2018 Financial Summary

Gina Consylman
Chief Financial Officer

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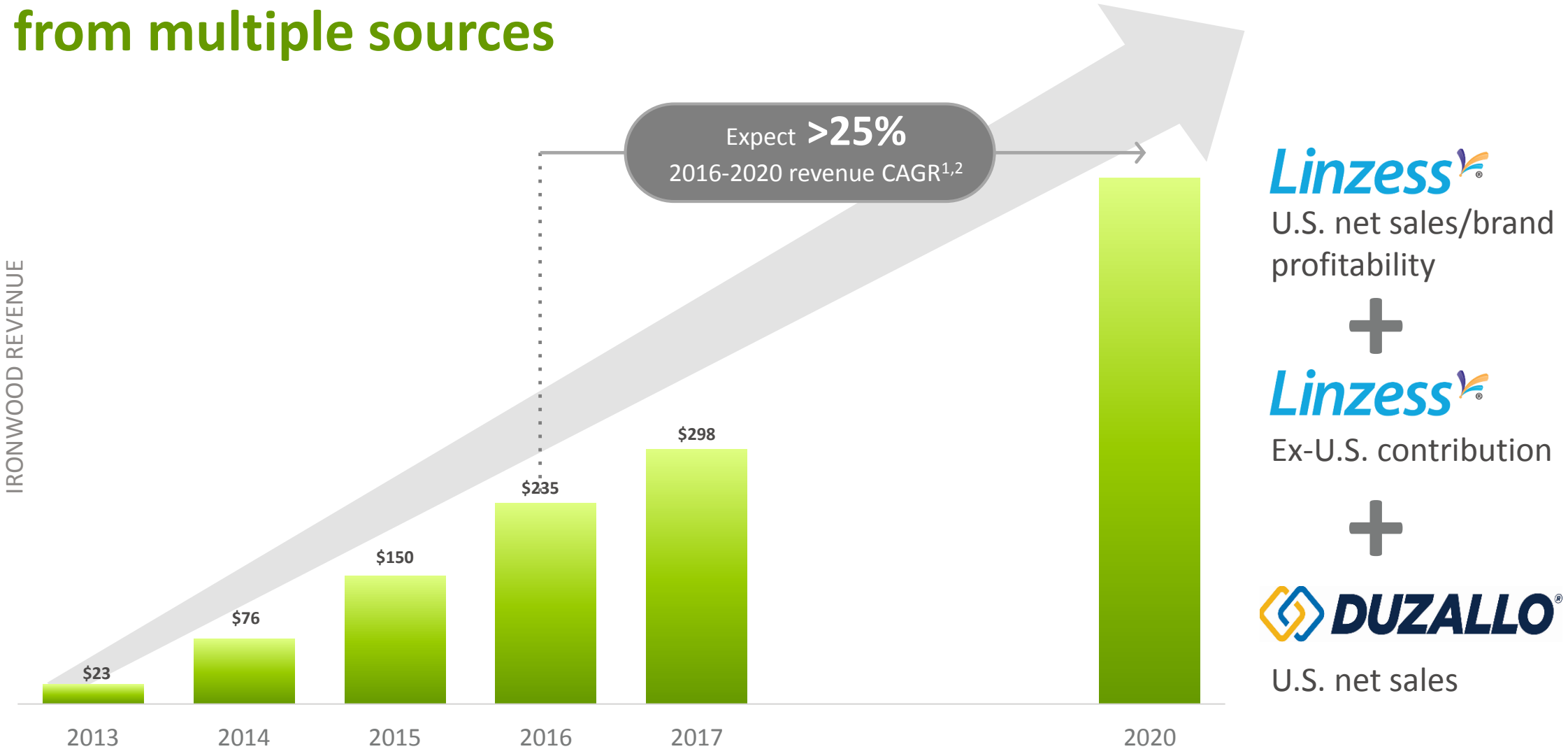
Generating rapid top-line growth from multiple sources



Linzess®
U.S. net sales/brand profitability

+

Linzess®
Ex-U.S. contribution

+

DUZALLO®
U.S. net sales

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 2) Independent of any new potential partnerships

1Q 2018 Financial Summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended March 31, 2018 (000s, except per share amounts)
Revenue	$ 69,155
Cost and expenses:	
Cost of revenue	2,607
Research and development	36,505
Selling, general and administrative	61,923
Amortization of acquired intangible assets	3,476
Loss on fair value remeasurement of contingent consideration	512
Total cost and expenses	105,023
Loss from operations	(35,868)
Other expense, net	(7,276)
GAAP net loss	$ (43,144)
GAAP net loss per share – basic and diluted	$ (0.29)
Non-GAAP net loss	$ (40,472)
Non-GAAP net loss per share	$ (0.27)

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

1Q 2018 LINZESS U.S. Brand Collaboration Summary

Commercial Profit & Collaboration Revenue[1]

	Three Months Ended March 31, 2018 (000s)
LINZESS U.S. net product sales	$ 159,334
Commercial costs and expenses	58,890
Commercial profit on sales of LINZESS	$ 100,444
Commercial Margin	*63%*
Ironwood's share of net profit	50,222
Ironwood's selling & marketing	10,928
Ironwood's collaboration revenue	$ 61,150

	1Q 2017		1Q 2018
LINZESS sales	$147.6M	+ 8%	$159.3M
Commercial profit	$76.7M	+ 31%	$100.4M
Collaboration revenue	$49.5M	+ 23%	$61.2M

Ironwood & Allergan Total Net Profit

	Three Months Ended March 31, 2018 (000s)
LINZESS U.S. net product sales	$ 159,334
Commercial costs and expenses	58,890
R&D expenses[2]	11,597
Total net profit on sales of LINZESS	$ 88,847

	1Q 2017		1Q 2018
LINZESS sales	$147.6M	+ 8%	$159.3M
Total net profit	$62.1M	+ 43%	$88.9M

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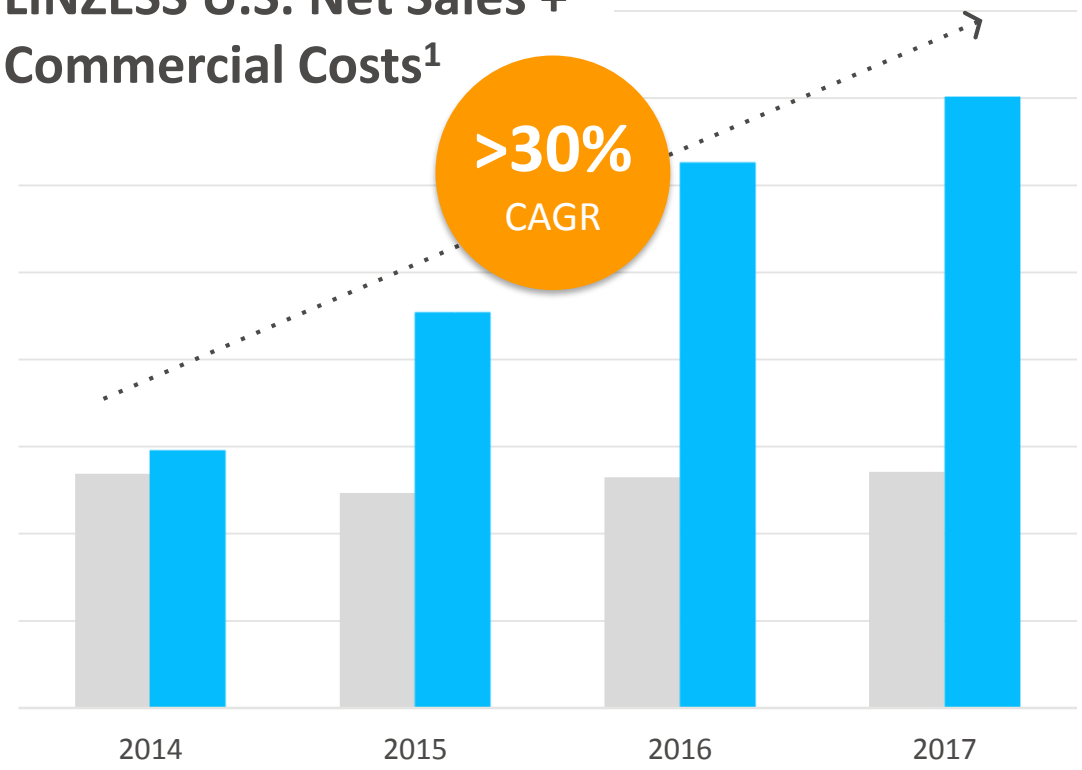
1) The purpose of the Commercial Profit and Collaboration Revenue table is to present the calculation of Ironwood's share of net profits (losses) generated from sales of LINZESS in the U.S. and Ironwood's collaboration revenue / expense; 2) R&D expenses related to LINZESS in the U.S. are shared equally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

Rapid LINZESS growth and expanding operating leverage propelling Ironwood revenue growth

Catalyzed by successful 50-50 U.S. collaboration with Allergan

LINZESS U.S. Net Sales + Commercial Costs[1]



Expanding operating leverage

~75%

Ironwood (2014-2017) revenue CAGR from LINZESS U.S. collaboration[1]

1) LINZESS U.S. net sales are reported by Allergan and LINZESS commercial costs incurred by each of us and Allergan are reported in our respective financial statements. LINZESS commercial costs include cost of goods sold incurred by Allergan and selling, general and administrative expenses incurred by Allergan and Ironwood that are attributable to the cost-sharing arrangement between the parties.

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1Q 2018 Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended March 31, 2018 (000s, except per share amounts)
GAAP net loss	$ (43,144)
Adjustments:	
Mark-to-market adjustments on the derivatives related to convertible notes, net	(1,316)
Amortization of acquired intangible assets	3,476
Fair value remeasurement of contingent consideration	512
Non-GAAP net loss	$ (40,472)
GAAP net loss per share (basic and diluted)	$ (0.29)
Adjustments to GAAP net loss (detailed above)	0.02
Non-GAAP net loss per share (basic and diluted)	$ (0.27)

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 1, 2018.