A COMMERCIAL BIOTECHNOLOGY COMPANY

Ironwood 4Q 2017 and Full-Year 2017 Investor Update

February 15, 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 development, launch, commercial availability 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, prevalence, growth and opportunity, including peak sales (and drivers thereof) and the growth in and 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; partnering strategy and discussions; business strategy and investments (and evaluations thereof), structure and operations; the cause, size, timing and impact of Ironwood's reduction in workforce and related activities; expected periods of patent exclusivity, durability and life of the respective patent portfolios for linaclotide, lesinurad and our product candidates; the strength of the intellectual property protection for linaclotide, lesinurad and our 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 a rapidly growing top-line, the exercise of capital discipline, maximizing long-term per-share cash flows for shareholders, Ironwood revenue CAGR, commercial margin, net price increase, positive cash flow and positive cash flow from operations, LINZESS U.S. net sales, ex-U.S. revenue (including API revenue), allocation of capital, 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; 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 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 page 14 of this presentation.

4Q and Full Year 2017 Overview

Peter Hecht
Chief Executive Officer

Ironwood®

What to expect in 2018

1

Rapidly growing top-line

U.S. LINZESS® (linaclotide)
Ex-U.S. LINZESS/ CONSTELLA® (linaclotide)
DUZALLO® (lesinurad and allopurinol) launch year

>25% Ironwood revenue CAGR 2016-2020[1,2]

2

Decisively advancing late-stage candidates

2 Phase III programs initiating

≥4 Phase II trials ongoing

Active partnering discussions for IW-3718 and for praliciguat

3

Exercising financial discipline

Positive cash flow in 4Q 2018[2]

Positive cash flow from operations in FY 2019[2,3]

Ironwood®

1) The >25% Ironwood revenue CAGR calculation excludes approximately $39 million related to milestone payments to Ironwood recognized in 2016 and any current or future revenue recognized in the period related to milestone payments to Ironwood 2) Independent of any new potential partnerships 3) Expect quarterly fluctuations in cash flow

4Q and Full Year 2017 Financial Summary

Gina Consylman
Chief Financial Officer

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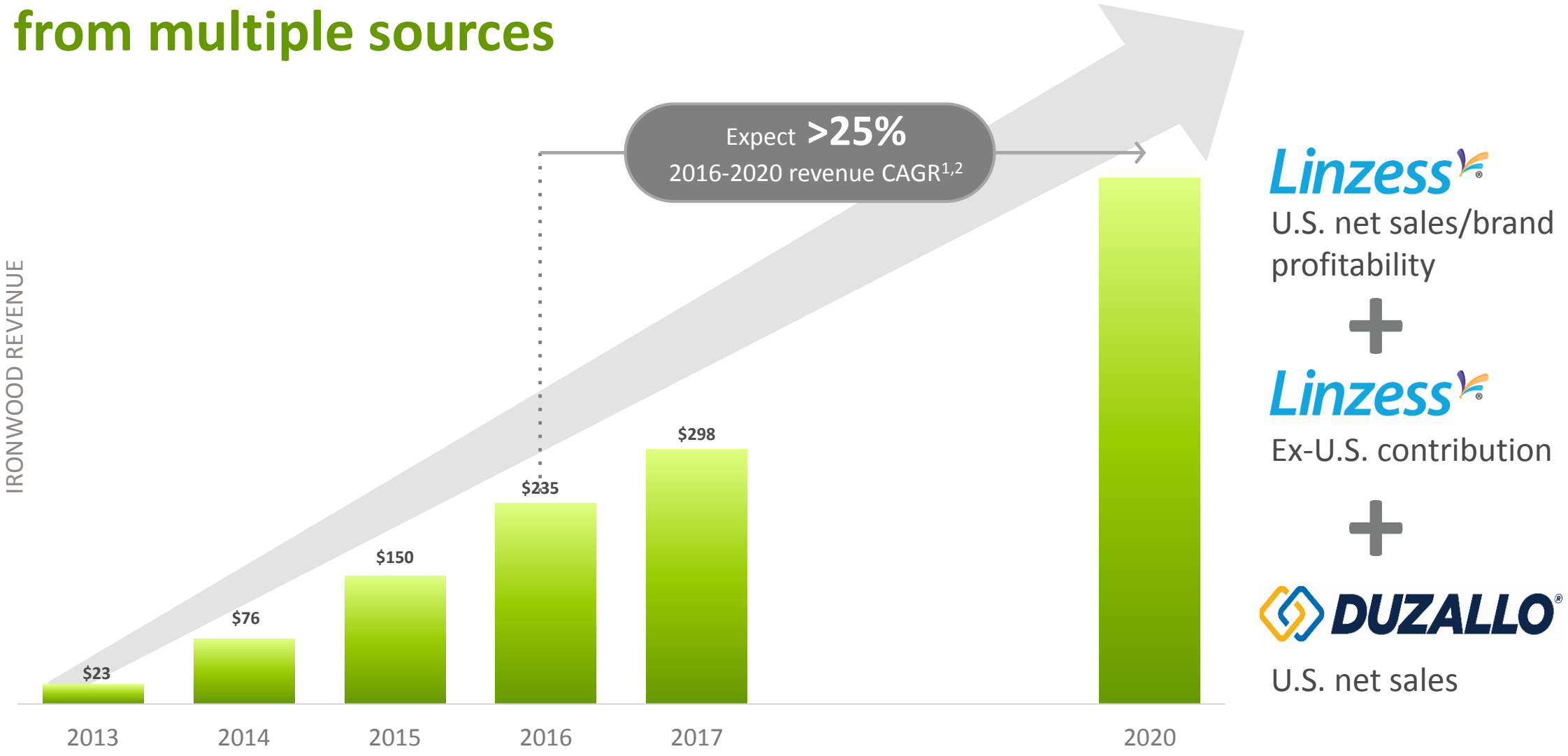
Generating rapid top-line growth from multiple sources



Linzess®
U.S. net sales/brand profitability

+

Linzess®
Ex-U.S. contribution

+

DUZALLO®
U.S. net sales

Ironwood®

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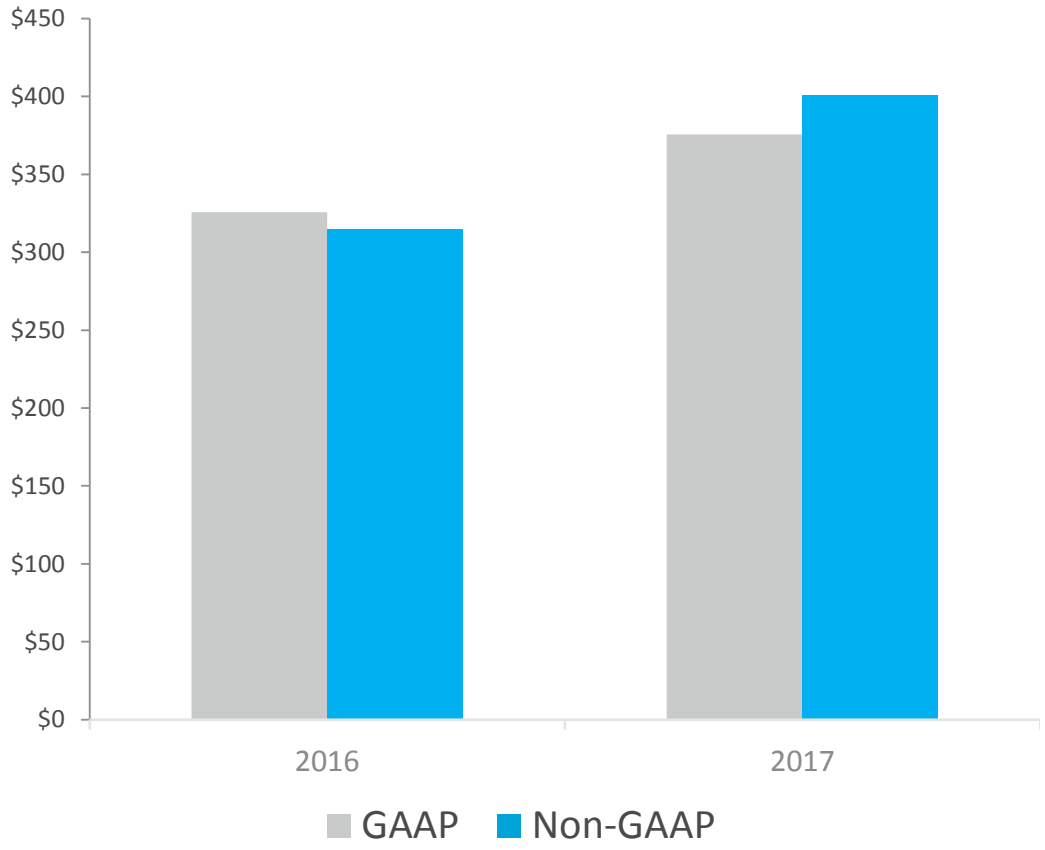
Exercising financial discipline and allocating capital to highest value opportunities

Ironwood's operating expenses:



2017 Key drivers:

- **R&D: ~$148M**

  Successful advancement of key pipeline assets

- **SG&A: ~$233M**

  Commercial launches of ZURAMPIC® (lesinurad) and DUZALLO

- **Gain on Contingent Consideration: ~$(31M)**

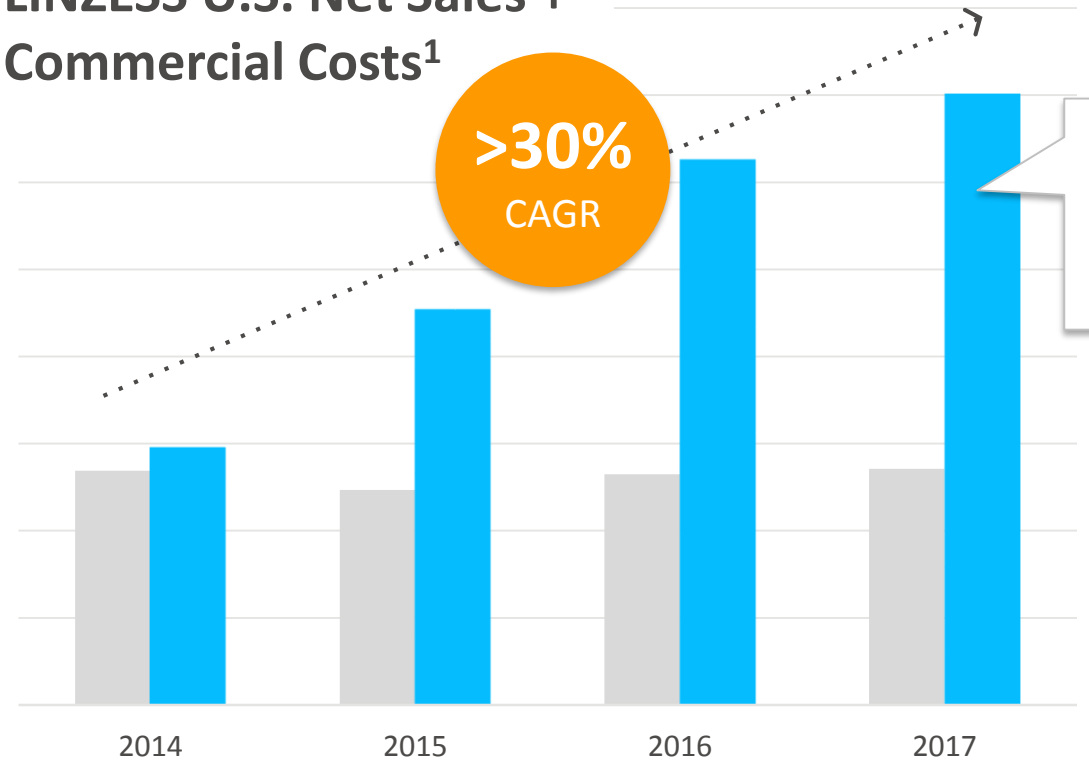
  Contingent consideration relates to future royalty and milestone payments based on the estimated future sales of ZURAMPIC and DUZALLO.

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

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]



~61%
LINZESS Commercial Margin[2]

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. 2) Commercial margin is defined as commercial profit on sales of LINZESS as a percent of total LINZESS U.S. net sales. Commercial profit on sales of LINZESS is equal to LINZESS U.S. net sales less commercial costs.

Strong 2017 performance supports additional prudent investments in 2018

	2017 Guidance	2017 Reported	Ironwood expects: 2018 Guidance
R&D Expenses	$145-$160 million	~$148 million	$160 - $180 million
SG&A Expenses	$235-$250 million	~$233 million	$230-$250 million
Total LINZESS Marketing & Sales Expenses (IRWD + AGN)	$250-$280 million	~$254 million	$230-$260 million
Net Interest Expense	~$40 million	~$34 million	<$40 million
Cash Used for Operations	<$110 million	~$100 million	<$75 million

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Positive cash flow in 4Q 2018[2]

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4Q and Full Year 2017 Financial Summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended December 31, 2017	Year Ended December 31, 2017
	(000s, except per share amounts)	
Revenue	$ 94,208	$ 298,276
Cost and expenses:		
Cost of revenue	9,126	19,406
Research and development	40,117	148,228
Selling, general and administrative	57,953	233,123
Amortization of acquired intangible asset	3,476	6,214
Loss on fair value remeasurement of contingent consideration	(39,229)	(31,310)
Total cost and expenses	71,433	375,661
Income (loss) from operations	22,765	(77,385)
Other expense, net	(10,680)	(39,552)
GAAP net income (loss)	$ 12,085	$ (116,937)
GAAP net income (loss) per share – basic and diluted	$ 0.08	$ (0.78)
Non-GAAP net loss	$ (21,575)	$ (138,749)
Non-GAAP net loss per share	$ (0.14)	$ (0.93)

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

4Q and Full Year 2017 Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended December 31, 2017	Year Ended December 31, 2017
	(000s, except per share amounts)	
GAAP net income (loss)	$ 12,085	$ (116,937)
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	2,093	3,284
Amortization of acquired intangible asset	3,476	6,214
Fair value remeasurement of contingent consideration	(39,229)	(31,310)
Non-GAAP net loss	$ (21,575)	$ (138,749)
GAAP net income (loss) per share (basic and diluted)	$ 0.08	$ (0.78)
Adjustments to GAAP net loss (detailed above)	(0.22)	(0.15)
Non-GAAP net loss per share (basic and diluted)	$ (0.14)	$ (0.93)

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 February 15, 2018.

4Q and Full Year 2017 Financial Summary

LINZESS U.S. Brand Collaboration

Ironwood Revenue/Expense Calculation

Commercial Pool[1]

	Three Months Ended December 31, 2017 (000s)	Year Ended December 31, 2017 (000s)
LINZESS U.S. net product sales	$ 194,790	$ 701,170
Commercial costs and expenses	56,023	271,197
Commercial profit on sales of LINZESS	$ 138,767	$ 429,973
Commercial Margin	*71%*	*61%*
Ironwood's share of net profit	69,384	214,987
Ironwood's selling & marketing	7,190	41,251
Profit share adjustment		1,677
Ironwood's collaboration revenue	$ 76,574	$ 257,915

R&D Pool[2]

LINZESS R&D expenses	$ 12,277	$ 58,202
Ironwood's 50% Share	6,139	29,101

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

	Three Months Ended December 31, 2017 (000s)	Year Ended December 31, 2017 (000s)
LINZESS U.S. net product sales	$ 194,790	$701,170
Commercial costs and expenses	56,023	271,197
R&D expenses	12,277	58,202
Net profit on sales of LINZESS	$ 126,490	371,771

	4Q 2016		4Q 2017
LINZESS sales	$173.6M	+ $21.2M	$194.8M
Commercial profit	$106.2M	+ $32.6M	$138.8M

	2016		2017
LINZESS sales	$625.6M	+ $75.6M	$701.2M
Commercial profit	$360.3M	+ $69.7M	$430.0M

1) 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; 2) 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.