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Ironwood 3Q 2018 Investor Update

November 6, 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 proposed separation of our operations into two independent, publicly traded companies, including the status, completion and timing of the separation; the business and operations of Ironwood and R&D Co. and any benefits or costs of the separation, including the tax treatment; the timing of effectiveness of the termination of the lesinurad license agreement and the transition of lesinurad operations; the financial profiles and capital structures of Ironwood and R&D Co.; expectations and timing regarding Ironwood's ability to achieve profitability; expectations regarding R&D Co.'s market, products, development and commercialization plans and ability to develop its pipeline; the development, launch, commercial availability and commercial potential of our products, product candidates and the other products that we promote and the drivers, timing, impact and results thereof; market size, commercial potential, prevalence, and the growth in, and potential demand for, our products and product candidates, as well as their potential impact on applicable markets; the potential indications for, and benefits of, our products and product candidates; the anticipated timing of preclinical, clinical and regulatory developments and the design, timing, size and results of clinical and preclinical studies; expected periods of patent exclusivity, durability and life of the patent portfolios for our products and product candidates; the strength of the intellectual property protection for our products and product candidates; and our financial performance and results, and guidance and expectations related thereto (including the drivers and timing thereof), including expectations related to the allocation of capital, LINZESS net price, LINZESS brand-specific adjustments, LINZESS U.S. net sales, ex-U.S. revenue (including API revenue), R&D, SG&A and marketing and sales expenses, net interest expense, total restructuring costs, the non-recurrence of impairment charges to intangible assets and plans to revise cash guidance. 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 of our business on the terms or timeline currently contemplated, if at all, achieve the expected benefits of the separation, and that the 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 risk that we may experience difficulties in implementing or negative effects from the reduction in workforce, such as claims arising out of the reduction; risks related to the difficulty of predicting the financial impact or timing of our reduction in workforce; 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 our products and product candidates; decisions by regulatory and judicial authorities; the risk that we may never get sufficient patent protection for our products and 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, our products or 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 June 30, 2018, and in our subsequent SEC filings. 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. 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 slides 11 and 18 of this presentation.

3Q 2018 Overview

Peter Hecht
Chief Executive Officer

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Strong 3Q 2018 Performance:

Delivering against 2018 goals and executing on separation plans

Strong LINZESS® growth; expanding global presence:

U.S. volume up 12% in 3Q 2018 yoy[1] and ~$205M[2] in LINZESS net sales

Approval and launch of LINZESS for CC in Japan (Astellas)

Continued pipeline momentum:

Two Phase III and three Phase II programs ongoing

Multiple key data readouts expected in 2019

Progress towards separation:

On track to launch two independent, publicly-traded companies in 1H 2019

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1) IQVIA Weekly NPA (9/30/18) 2) As reported by Allergan

GI Pipeline

Tom McCourt

Chief Commercial Officer

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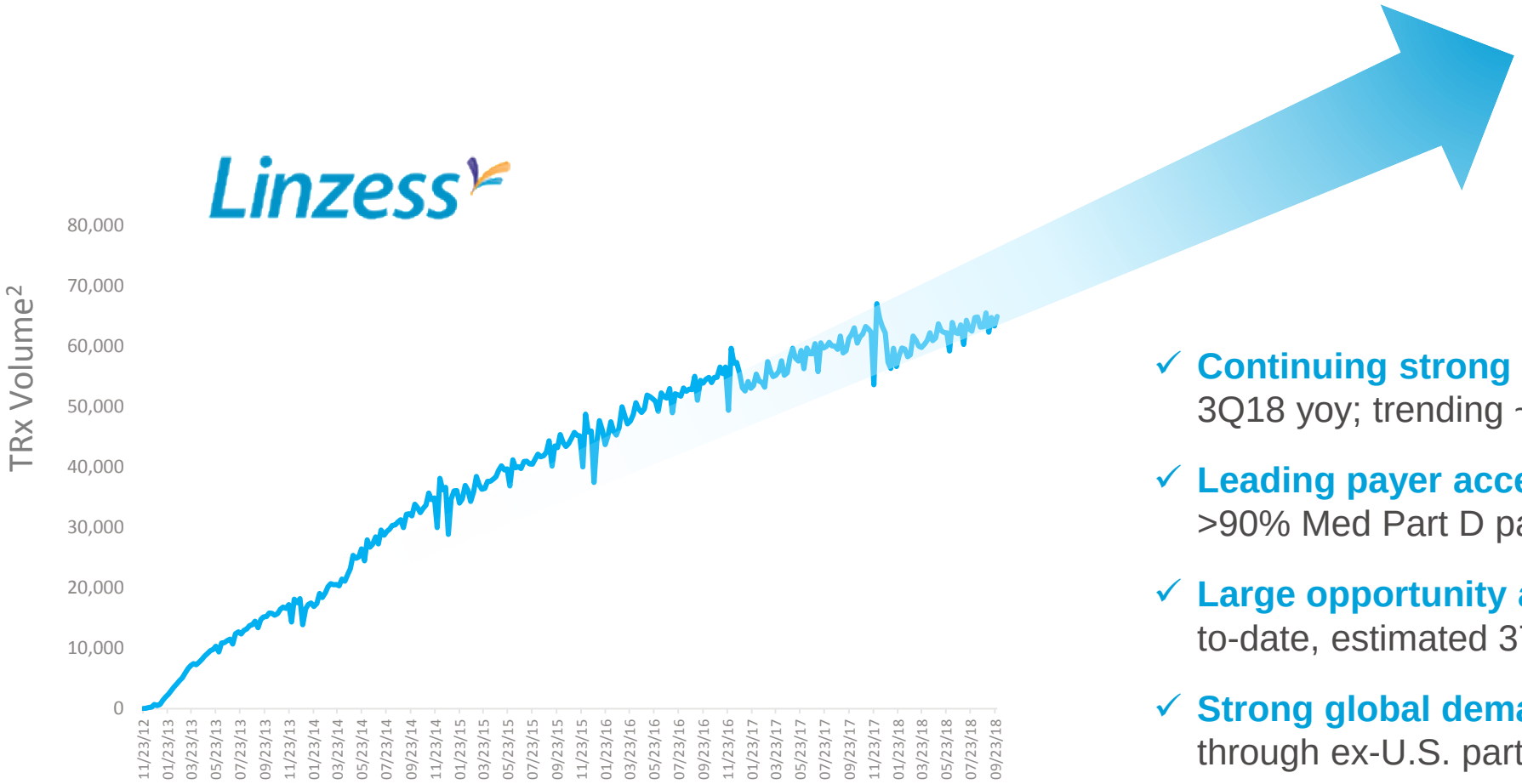
LINZESS is the Branded Prescription Market Leader in its Class



- ✓ **Continuing strong growth:** U.S. volume up 12% in 3Q18 yoy; trending ~10% above pre-DTC trend[2]
- ✓ **Leading payer access:** >80% commercial and >90% Med Part D patients with unrestricted access
- ✓ **Large opportunity ahead:** ~2.5M patients treated to-date, estimated 37M patients still suffering[1,2]
- ✓ **Strong global demand:** diversified revenue stream through ex-U.S. partnerships

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1) As of Lieberman GI Patient Landscape survey, 2010 2) IQVIA Weekly NPA (9/30/18)

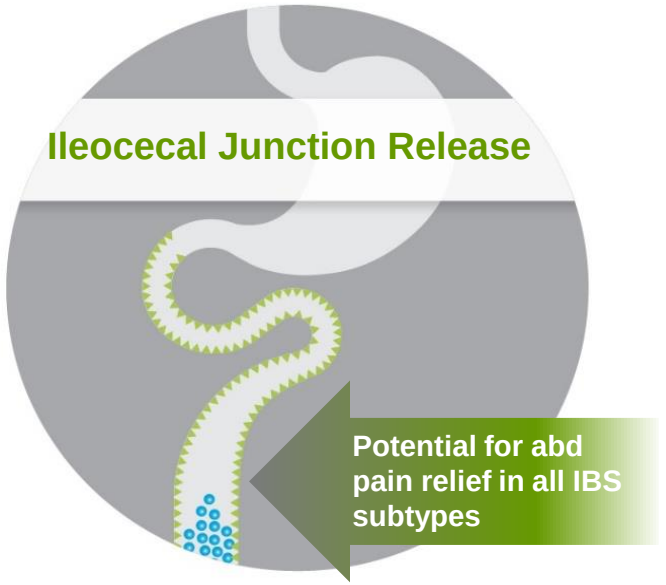
Continued Momentum across GI Development Pipeline

LINACLOTIDE for additional abdominal symptoms

- ✓ **Phase IIIb trial** ongoing; data expected mid-2019
- ✓ If positive, opportunity to discuss additional benefit on bloating + discomfort in IBS-C
- ✓ >65% of surveyed IBS-C patients report suffering from bloating +/or discomfort each week[1]

MD-7246 (linaclotide delayed release) for intestinal pain

- ✓ Expect to initiate **Phase II trial** in Q1 2019
- ✓ Opportunity for intestinal, non-opioid, pain relieving agent for IBS patients (if approved)
- ✓ ~20-25M patients suffer from IBS-M + IBS-D[2]



IW-3718 for persistent GERD

- ✓ **Two Phase III trials** ongoing
  - Exploring effect on heartburn severity and regurgitation
- ✓ ~10M U.S. patients suffering from pGERD[3,4]

1) Lieberman GI Patient Landscape survey, 2010 2) Society for Women's Health Research "Irritable Bowel Syndrome in Women: The Unmet Needs", 2002; Hungin AP, et al. Irritable bowel syndrome in the United States: prevalence, symptom patterns and impact. Aliment Pharmacol Ther. 2005;21:1365-1375; Mearin F, et al "Irritable bowel subtypes according to bowel habit: revisiting the alternating subtype". Eur J Gastroenterol Hepatol 2003: 15: 165-172; Drossman, DA et al "A prospective assessment of bowel habit in irritable bowel syndrome: defining an alternator". Gastroenterology 2005; 128: 580-589 3) El-Serag, et al, Alimentary Pharmacology & Therapeutics (2010); Lieberman GI Patient Landscape survey, 2010; U.S. Census, 2015; 4) Wang, Hai-Yun "Prevalence of gastro-esophageal reflux disease and its risk factors in a community-based population in southern India"

sGC Pipeline

Chris Wright

Chief Development Officer

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Harnessing the Power of sGC Pharmacology

Current Pipeline*	Discovery	IND Enabling	Phase 1	Phase 2	Phase 3	Status and Anticipated Next Milestone
Vascular sGC Stimulator						
Olinciguat 				Sickle Cell Disease		• Worldwide rights • Granted Orphan Drug Designation by U.S. FDA • Top-line Phase II data expected 2H 2019
Systemic sGC Stimulator						
Praliciguat 				Diabetic Nephropathy Heart Failure with Preserved Ejection Fraction (HFpEF)		• Worldwide rights • Granted Fast Track Designation for HFpEF by U.S. FDA • Plan to out-license to leader in cardiometabolic diseases • Top-line Phase II data expected 2H 2019 for both DN and HFpEF
Central Nervous System sGC Stimulator						
IW-6463 			Serious and orphan CNS diseases			• Worldwide rights • Expect to initiate Phase I study 1Q 2019
Liver sGC Stimulator						
				Serious and orphan liver diseases		• Worldwide rights • Development candidate nomination expected 1H 2019
Lung sGC Stimulator						
				Serious and orphan pulmonary diseases		• Worldwide rights • Development candidate nomination expected 1H 2019

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* Status of programs as of November 6, 2018. Represents ongoing phase of development, does not correspond to the initiation or completion of a particular phase.

3Q 2018 Financial Summary

Gina Consylman
Chief Financial Officer

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LINZESS 3Q 2018 Change in Estimate to Ironwood's Collaboration Revenue

3Q 2018 LINZESS U.S. Brand Collaboration - Commercial Profit & Collaboration Revenue[1]

	Three Months Ended September 30, 2018 (Excluding Adjustment)	Three Months Ended September 30, 2018 (Net Sales Adjustment)	Three Months Ended September 30, 2018 (Including Adjustment)
	(000s)	*(000s)*	*(000s)*
LINZESS U.S. net product sales[2]	$ 204,815	(59,326)	$ 145,489
Commercial costs and expenses	62,798	-	62,798
Commercial profit on sales of LINZESS	$ 142,017	(59,326)	$ 82,691
Commercial Margin	*69%*		*57%*
Ironwood's share of net profit			$ 41,346
Ironwood's selling & marketing			10,915
Ironwood's collaborative arrangements revenue			$ 52,261

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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) The adjustment reported to Ironwood by Allergan during the three months ended September 30, 2018 related to the cumulative difference between Allergan's previous LINZESS gross-to-net estimates during the three years ended December 31, 2015, 2016 and 2017, and actual subsequent payments made. Upon receiving the information from Allergan, Ironwood recorded a $29.7 million reduction to collaborative arrangement revenue and accounts receivable in its third quarter 2018 financial statements related to its share of the adjustment.

3Q Key Business Highlights

1. Growing LINZESS sales and brand profitability; change-in-estimate impacted collaborative arrangements revenue
2. Progressing transition of lesinurad back to AstraZeneca; expected by February 2019
3. On track to complete separation and launch two new companies in 1H 2019

3Q 2018 Financial Performance

- $65.7M in Ironwood revenues:
  - $52.3M in Ironwood's share of net profits from LINZESS U.S. net sales (including $29.7M reduction due to LINZESS net sales adjustment)
  - $10.3M in linaclotide API sales
- $234.8M in total operating expenses (incl. $46.8M in R&D and $55.2M in SG&A)
  - Higher year-over-year primarily due to $151.8M impairment of intangible assets
- $174.4M in GAAP net loss ($1.14/share)

  $58.4M in non-GAAP net loss ($0.38/share)

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Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on page 17 of this presentation.

Full Year 2018 Financial Guidance

Ironwood continues to expect:

SG&A Expenses	$230 - $250 million
R&D Expenses	$160 – $180 million
Total LINZESS Marketing & Sales Expenses (IRWD + AGN)	$230 - $260 million
Net Interest Expense	<$40 million

Ironwood now expects:

Total Restructuring Expenses (incl. 2018 workforce reductions)	~$16 million

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3Q 2018 Financial Summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended September 30, 2018 (000s, except per share amounts)
Revenue	$ 65,686
Cost and expenses:	
Cost of revenue, excluding amortization of acquired intangible assets	4,616
Write down of commercial supply and inventory to net realizable value and (settlement) loss on non-cancellable purchase commitments	(1,589)
Research and development	46,794
Selling, general and administrative	55,248
Amortization of acquired intangible assets	1,159
Gain on fair value remeasurement of contingent consideration	(33,519)
Restructuring expenses	10,282
Impairment of intangible assets	151,794
Total cost and expenses	234,785
Loss from operations	(169,099)
Other expense, net	(5,252)
GAAP net loss	$ (174,351)
GAAP net loss per share – basic and diluted	$ (1.14)
Non-GAAP net loss	$ (58,406)
Non-GAAP net loss per share – basic and diluted	$ (0.38)

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Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on page 17 of this presentation.

3Q 2018 Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended September 30, 2018 (000s, except per share amounts)
GAAP net loss	$ (174,351)
Adjustments:	
Mark-to-market adjustments on the derivatives related to convertible notes, net	(3,489)
Amortization of acquired intangible assets	1,159
Fair value remeasurement of contingent consideration	(33,519)
Impairment of intangible assets	151,794
Non-GAAP net loss	$ (58,406)
GAAP net loss per share (basic and diluted)	$ (1.14)
Adjustments to GAAP net loss (detailed above)	0.76
Non-GAAP net loss per share (basic and diluted)	$ (0.38)

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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, the impairment of 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 November 6, 2018.

3Q 2018 LINZESS U.S. Brand Collaboration Summary

Ironwood & Allergan Total Net Profit	Three Months Ended September 30, 2018 (Excluding Adjustment)	Three Months Ended September 30, 2018 (Net Sales Adjustment)	Three Months Ended September 30, 2018 (Including Adjustment)
	(000s)	*(000s)*	*(000s)*
LINZESS U.S. net product sales[2]	$ 204,815	(59,326)	$ 145,489
Commercial costs and expenses	62,798	-	62,798
R&D expenses[1]	16,547	-	16,547
Total net profit on sales of LINZESS	$ 125,470	(59,326)	$66,144

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1) R&D expenses related to LINZESS in the U.S. are shared equally between Ironwood and Allergan under the collaboration agreement. 2) The adjustment reported to Ironwood by Allergan during the three months ended September 30, 2018 related to the cumulative difference between Allergan's previous LINZESS gross-to-net estimates during the three years ended December 31, 2015, 2016 and 2017, and actual subsequent payments made. Upon receiving the information from Allergan, Ironwood recorded a $29.7 million reduction to collaborative arrangement revenue and accounts receivable in its third quarter 2018 financial statements related to its share of the adjustment.