Ironwood 1Q 2019 Investor Update

May 2, 2019

Introduction

Meredith Kaya

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, our other product candidates and the other products that we promote and the drivers, timing, impact and results thereof (including pipeline catalysts); expectations and timing regarding our ability to achieve profitability from continuing operations, positive cash flow and greater competitiveness and the resulting shareholder value; market size, commercial potential, prevalence, and the growth in, and potential demand for, linaclotide and other product candidates, as well as their potential impact on applicable markets; the potential indications for, and benefits of, linaclotide and other product candidates; our business and operations and any benefits or costs of the separation of Cyclerion; the anticipated timing of preclinical, clinical and regulatory developments and the design, timing and results of clinical and preclinical studies; expected periods of patent exclusivity, durability and life of the respective patent portfolios for linaclotide and other product candidates; the strength of the intellectual property protection for linaclotide and other product candidates; future licensing and commercialization efforts; the potential for, and timing of, regulatory submissions and approvals for linaclotide and other product candidates, and the level of risk associated with the path to approval; and our financial performance and results, and guidance and expectations related thereto (including the drivers and timing thereof), including expectations related to total revenue, net interest expense, separation expenses, restructuring expenses, LINZESS net sales growth and adjusted EBITDA from continuing operations (including how adjusted EBITDA from continuing operations will be calculated and when the Company will present this measure). 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 our clinical programs and studies may not progress or develop as anticipated; the risk that findings from our completed studies may not be replicated in later studies; the efficacy, safety and tolerability of linaclotide and other product candidates; the decisions by regulatory and judicial authorities; the risk that we may never get sufficient patent protection for linaclotide and other 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 abbreviated new drug application litigation; the possibility that we may not achieve some or all of the anticipated benefits of the separation of Cyclerion; the risk that financial and operating results may differ from our projections; the risk that we may not achieve profitability; 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, 2018, 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 23 of this presentation.

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Today's Agenda

- **Introduction**
  Meredith Kaya, VP Investor Relations & Communications
- **1Q 2019 Overview**
  Mark Mallon, Chief Executive Officer
- **Commercial Highlights**
  Tom McCourt, President
- **Development Highlights**
  Mike Shetzline, M.D., Ph.D., Chief Medical Officer
- **Financial Highlights & Guidance**
  Gina Consylman, Chief Financial Officer

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1Q 2019 Overview

Mark Mallon

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IRONWOOD is dedicated to making a difference for patients living with GI diseases

WE AIM TO:

- **Accelerate LINZESS®** (linaclotide) growth
- **Advance late-stage U.S. GI development** portfolio
- **Deliver profits** beginning in 2019[1]

1. Based on adjusted EBITDA from continuing operations

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Commercial Highlights

Tom McCourt

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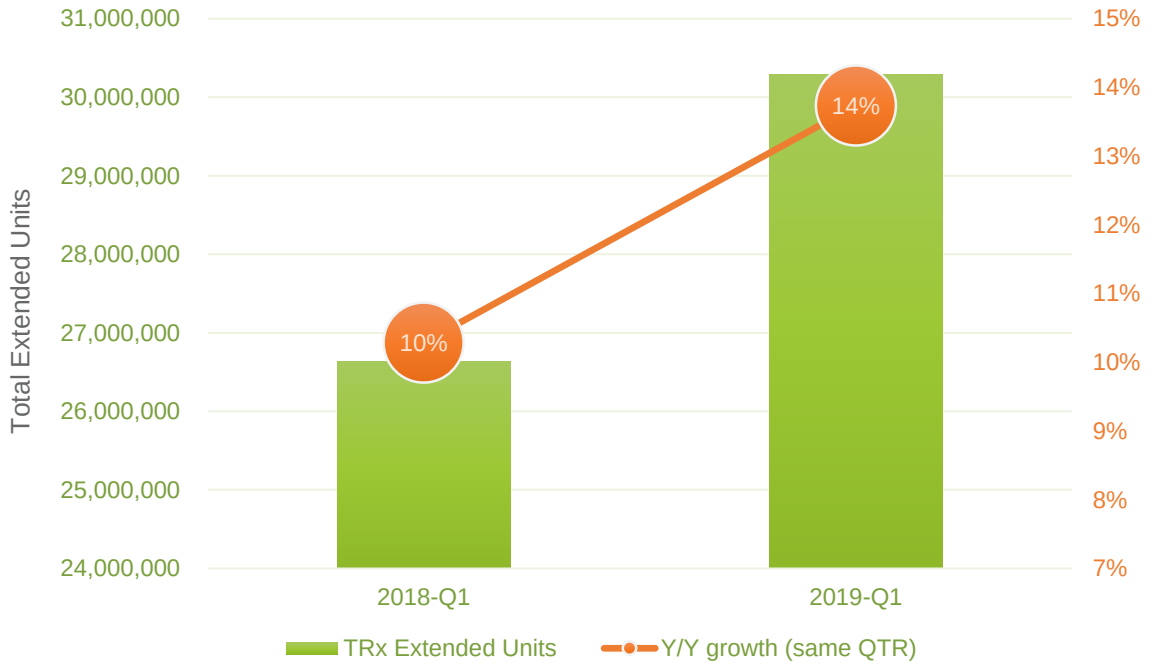
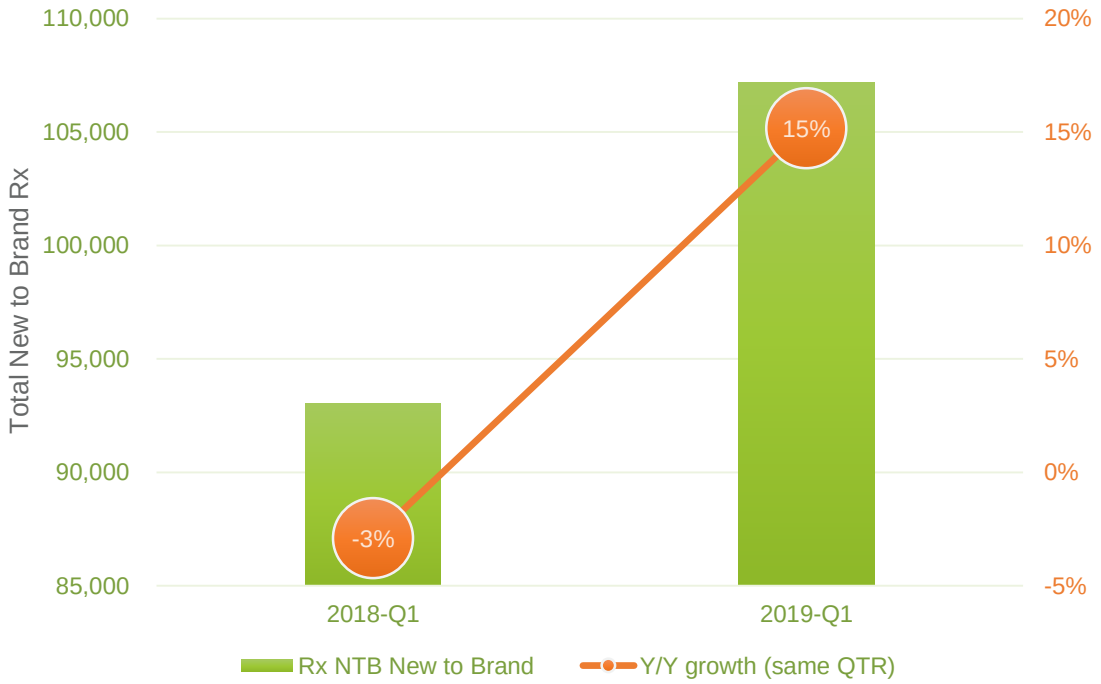
Double-digit LINZESS demand growth and New to Brand (NTB) growth in 1Q 2019

Extended Unit Growth up 14% yoy in 1Q 2019[1]



New to Brand Growth up 15% yoy in Q1 2019[1]



1. IQVIA NPA, Apr 2019

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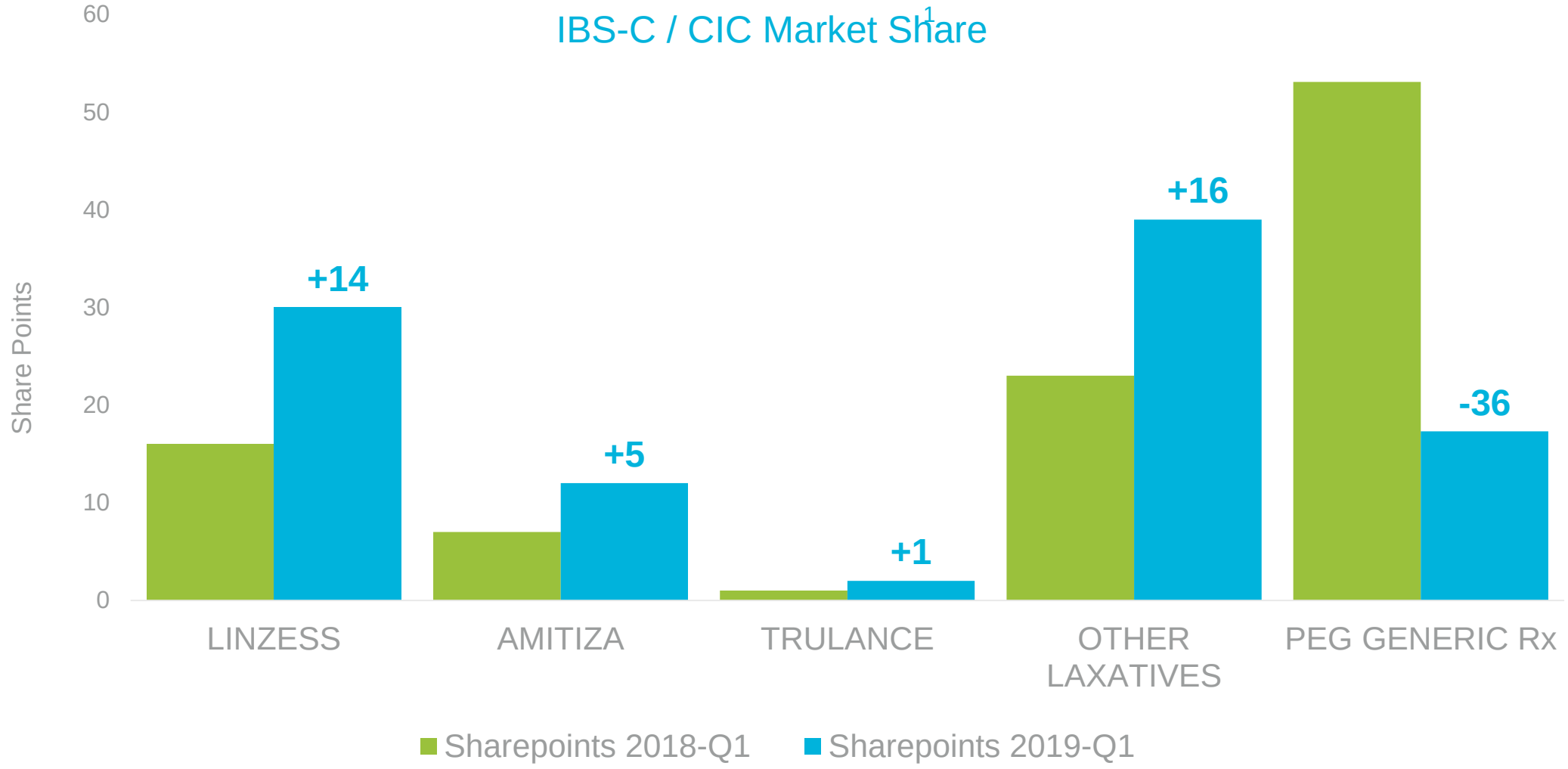
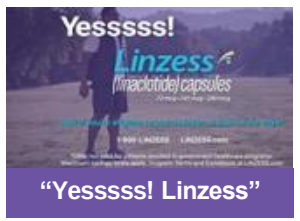
LINZESS market share grew significantly more vs other branded products in the category

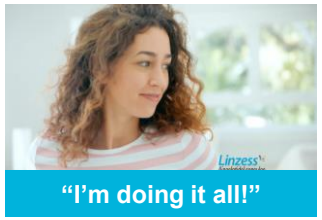


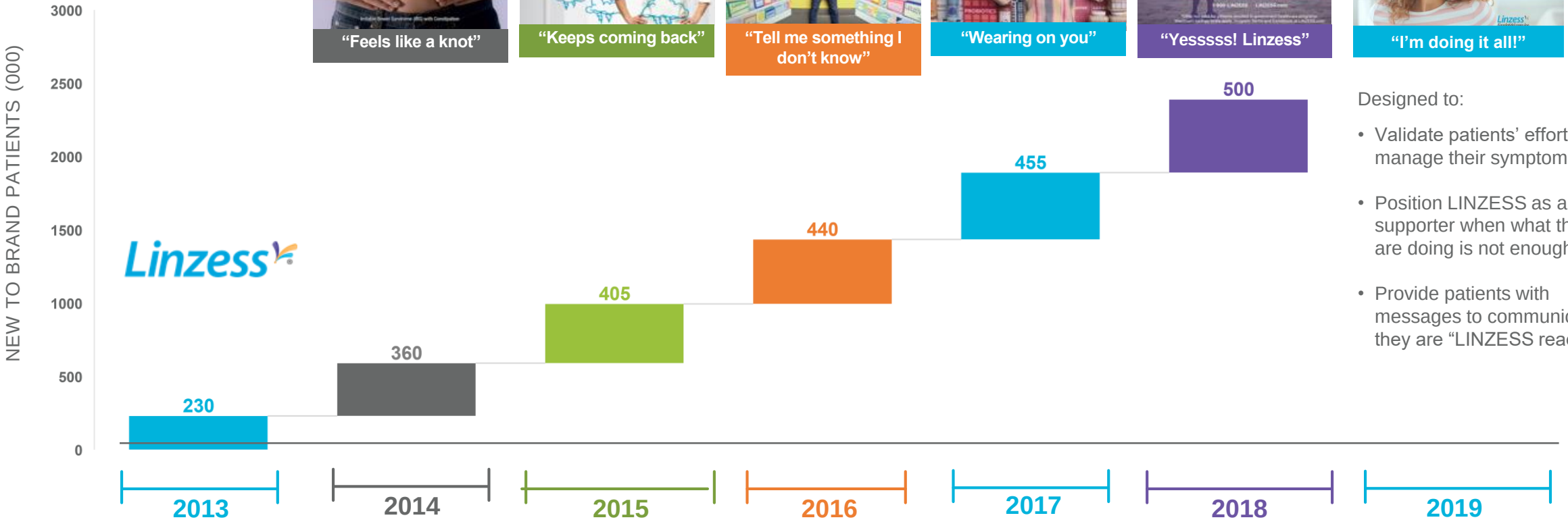
Source: 1. IQVIA NPA, March 2019

LINZESS DTC campaigns have consistently activated new sources of patients

New DTC campaign launched April 2019







Designed to:

- Validate patients' efforts to manage their symptoms
- Position LINZESS as a supporter when what they are doing is not enough
- Provide patients with messages to communicate they are "LINZESS ready"

Source: 1. IQVIA Patient Insights, excluding Non-Retail (LTC) Channel; One year lookback period; Dec 2018 month estimated based on weekly run rate.

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Phase III data (if positive) in abdominal pain, bloating + discomfort have potential to motivate additional IBS-C patients

Opportunity to communicate LINZESS impact on additional abdominal symptoms

~95%

of IBS-C patients surveyed reported experiencing abdominal pain, bloating and/or discomfort[1,2]

1x/week

The majority of IBS-C patients surveyed reported experiencing these symptoms 1x/week or more[2]

Completed enrollment in LINZESS Phase IIIb abdominal symptom study

Top-line data expected mid-2019; if positive, expect to **begin promotion ASAP**

Source: 1. GfK "IBS in America", 2016. 2. Lieberman GI Patient Landscape Survey, 2010. 3. Galileo Patient Exploratory Research, 2018.

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Development Highlights

Mike Shetzline, M.D., Ph.D.

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IW-3718 Phase III program seeking to demonstrate improved heartburn & regurgitation in patients with persistent GERD

Top line data expected 2H 2020

Placebo
+ PPI

IW-3718
1500 mg + PPI

8 WEEK TREATMENT PERIOD

Patients

- Adult patients with GERD who continue to have persistent symptoms while receiving current standard of care (PPI) therapy
- ~1320 GERD patients, 2 identical trials

Endpoints

- Overall heartburn response - ***Primary***
  - Defined as ≥45% reduction from baseline in heartburn for at least 4 out of 8 weeks
- Change in weekly heartburn severity - ***Secondary***
- Change in weekly regurgitation frequency - ***Secondary***
- Proportion of heartburn-free days - ***Secondary***

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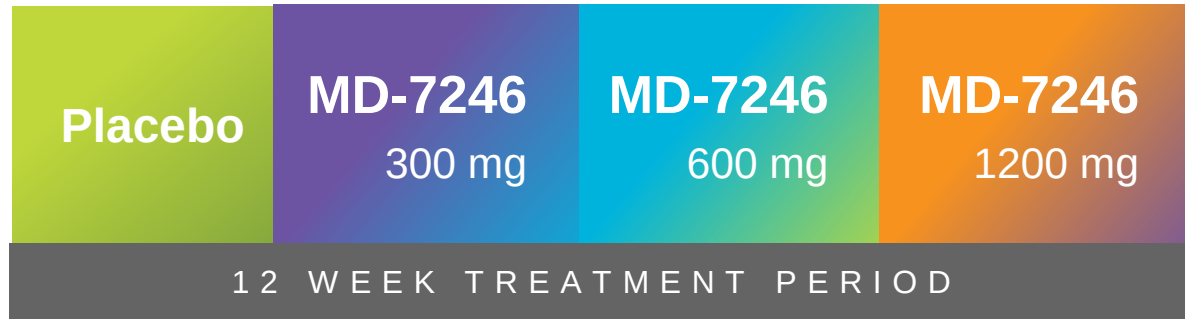
MD-7246 Phase IIb trial being evaluated as non-opioid, pain-relieving agent for patients suffering from abdominal pain with IBS-D

On track to initiate Phase IIb trial in May 2019

Patients

- Adult patients with abdominal pain associated with IBS with diarrhea (IBS-D)
- ~400 IBS-D patients



Primary Endpoints

- Change from baseline in abdominal pain at its worst each week
- Overall abdominal pain response
  - Defined as ≥30% reduction from baseline in abdominal pain for at least 6 out of 12 weeks

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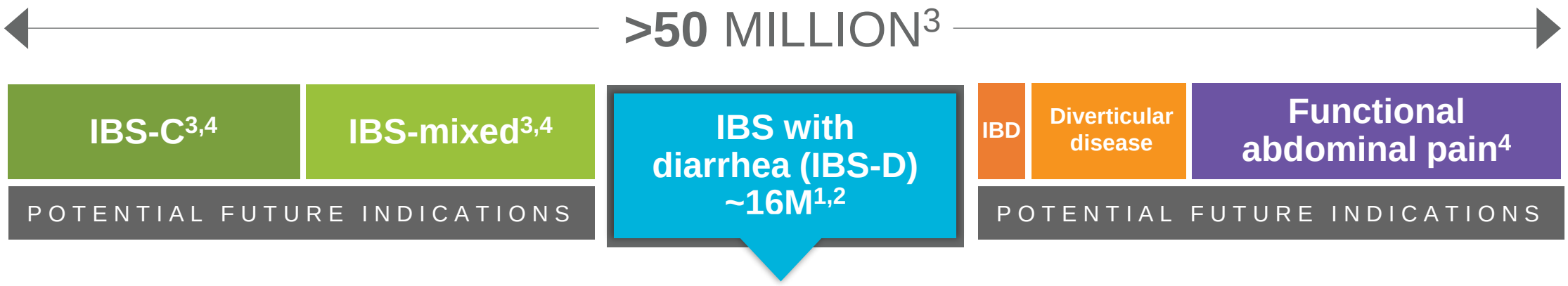
>50 million patients report suffering from recurring abdominal pain across several GI disorders



~80% of IBS patients report suffering from continuous or frequent abdominal pain[3]

Plan to initially explore MD-7246 in abdominal pain associated with IBS-D

(Phase II trial expected to initiate May 2019)

- Large suffering population
- Clear unmet need for effective treatment
- Limited number of treatment options

Sources: 1. Grundmann O, Yoon SL. Irritable bowel syndrome: epidemiology, diagnosis and treatment: an update for health-care practitioners. J Gastroenterol Hepatol. 2010 Apr;25(4):691-9 2. US Census Bureau. USA QuickFacts from the US Census Bureau. Available at https://www.census.gov/quickfa.... Accessed October 27, 2016 3. IFFGD "IBS Patients: Their Illness Experience and Unmet Needs", 2009. 4. Drossman, DA et al "A prospective assessment of bowel habit in irritable bowel syndrome: defining an alternator". Gastroenterology 2005; 128: 580-589.

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Financial Highlights & 2019 Financial Guidance

Gina Consylman

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1Q 2019 financial performance

$68.7M
in Ironwood revenues

(incl. **$66.2M** in collaboration revenue and **$2.6M** in linaclotide API sales)

$123.1M
in total operating expenses

(incl. **$54.0M** in R&D, **$64.7M** in SG&A, **$3.3M** in restructuring, **$1.0M** in cost of revenues)

($59.3M)

in **GAAP** net loss ($0.38/share)

($40.5M)

in **non-GAAP** net loss ($0.26/share)

Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures appearing on slide 22 of this presentation

2019 financial guidance

Ironwood expects

Total revenue	$370 – $390 million
Net interest expense	~$35 million
Separation expenses[1]	$30 – $40 million
Restructuring expenses	$3 – $4 million
(new) Adjusted EBITDA from continuing operations[2]	>$65 million
(new) LINZESS net sales growth	Low-to-mid single digit %

1. Primarily to be included within SG&A expenses 2. Adjusted EBITDA from continuing operations is expected to be calculated by subtracting net interest expense, taxes, depreciation and amortization from non-GAAP net income (loss) from continuing operations, as described in the company's press release dated May 2, 2019. Additional information regarding the non-GAAP guidance is also included in the press release. Ironwood does not provide guidance on GAAP net income (loss) from continuing operations or a reconciliation of expected adjusted EBITDA from continuing operations to expected GAAP net income (loss) from continuing operations because, without unreasonable efforts, it is unable to predict with reasonable certainty the adjustments used to calculate non-GAAP income (loss) from continuing operations, including, without limitation, the mark-to-market adjustments on the derivatives related to its convertible notes. These adjustments are uncertain, depend on various factors and could have a material impact on GAAP net income (loss) from continuing operations for the guidance period.

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1. Based on adjusted EBITDA from continuing operations

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Thank You!

1Q 2019 Financial Summary

Condensed Consolidated Statement of Operations (unaudited)

	Three Months Ended March 31, 2019 (000s, except per share amounts)
Revenue	$ 68,730
Cost and expenses:	
Cost of revenue	1,043
Research and development	53,990
Selling, general and administrative	64,741
Restructuring expenses	3,328
Total cost and expenses	123,102
Loss from operations	(54,372)
Other expense, net	(4,912)
GAAP net loss	$ (59,284)
GAAP net loss per share – basic and diluted	$ (0.38)

1Q 2019 Financial Summary

Reconciliation of GAAP Results to Non-GAAP Financial Measures

	Three Months Ended March 31, 2019 (000s, except per share amounts)
GAAP net loss	$ (59,284)
Adjustments:	
Mark-to-market adjustments on the derivatives related to convertible notes, net	(3,944)
Restructuring expenses	3,328
Separation expenses	19,354
Non-GAAP net loss	$ (40,546)
GAAP net loss per share (basic and diluted)	$ (0.38)
Adjustments to GAAP net loss (detailed above)	0.12
Non-GAAP net loss per share (basic and diluted)	$ (0.26)

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. Beginning in the first quarter of 2019, Ironwood has begun excluding restructuring and separation-related expenses from non-GAAP net loss. 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 2, 2019.

1Q 2019 Financial Summary

LINZESS U.S. Brand Collaboration

Commercial Profit & Collaboration Revenue[1]

	Three Months Ended March 31, 2019 (000s)
LINZESS U.S. net product sales	$ 161,348
Allergan & Ironwood commercial costs and expenses	53,315
Commercial profit on sales of LINZESS	$ 108,033
Commercial Margin	*67%*
Ironwood's share of net profit	54,016
Reimbursement for Ironwood's selling, general, and administrative expenses	10,277
Ironwood's collaboration revenue	$ 64,293

Ironwood & Allergan Total Net Profit

	Three Months Ended March 31, 2019 (000s)
LINZESS U.S. net product sales	$ 161,348
Allergan & Ironwood commercial costs and expenses	53,315
Allergan & Ironwood R&D expenses[2]	13,616
Total net profit on sales of LINZESS	$ 94,417

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.

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