IRONWOOD PHARMACEUTICALS INC
Form 10-K/A
April 27, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-34620

IRONWOOD PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**04-3404176** (I.R.S. Employer Identification Number)
301 Binney Street **Cambridge, Massachusetts** (Address of Principal Executive Offices)	**02142** (Zip Code)

Registrant s telephone number, including area code: **(617) 621-7722**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A common stock, $0.001 par value	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes o No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Aggregate market value of voting stock held by non-affiliates of the Registrant as of June 30, 2017: $2,706,473,658

As of April 20, 2018, there were 137,871,330 shares of Class A common stock outstanding and 13,997,357 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

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EXPLANATORY NOTE

This Amendment No. 1 to Form 10-K (this Amendment) amends the Annual Report on Form 10-K for the year ended December 31, 2017 originally filed on February 22, 2018 (the Original Report) by Ironwood Pharmaceuticals, Inc. (Ironwood, the company, we or us). Pursuan General Instruction G(3) to Form 10-K, the company incorporated by reference the information required by Part III of Form 10-K from its definitive proxy statement for its 2018 annual meeting of stockholders (the 2018 Proxy Statement), which the company originally intended to file with the U.S. Securities and Exchange Commission (SEC) no later than 120 days after December 31, 2017, the end of its fiscal year. As the 2018 Proxy Statement will not be filed with the SEC before such date, the company is filing this Amendment to provide the additional information required by Part III of Form 10-K.

Also included in this Amendment are (i) the signature page, (ii) certifications required of the principal executive officer and principal financial officer under Section 302 of the Sarbanes-Oxley Act of 2002 and (iii) Item 15, which has been restated in its entirety as set forth below to include the additional certifications and other exhibits. Because no financial statements are contained within this Amendment, we are not including certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Except as set forth in this Amendment, no other changes are made to the Original Report. Unless expressly stated, this Amendment does not reflect events occurring after the filing of the Original Report, nor does it modify or update in any way the disclosures contained in the Original Report, which speak as of the date of the Original Report. Accordingly, this Amendment should be read in conjunction with the Original Report and the Company s other SEC filings subsequent to the filing of the Original Report. Some of the information provided in this Amendment may be superseded by the information provided in the 2018 Proxy Statement to be filed with the SEC.

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PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Our Board of Directors

The following table sets forth certain information, as of April 30, 2018, with respect to each of our directors:

Name	Age	Class	Year term expires
Lawrence S. Olanoff, M.D., Ph.D.	66	II	2018
Amy W. Schulman	57	II	2018
Douglas E. Williams, Ph.D.	60	II	2018
Marsha H. Fanucci	65	III	2019
Terrance G. McGuire, Chair	62	III	2019
Edward P. Owens	71	III	2019
Andrew Dreyfus	59	I	2020
Peter M. Hecht, Ph.D., Chief Executive Officer	54	I	2020
Julie H. McHugh	53	I	2020

Class II Directors (accepted nomination for election at the 2018 annual meeting)

Lawrence S. Olanoff, M.D., Ph.D., 66, Independent

Director since 2015

Dr. Olanoff most recently served as chief operating officer for Forest Laboratories, Inc. (acquired by Allergan plc) from October 2006 to December 2010. Dr. Olanoff also served as a director of Forest from October 2006 to July 2014. From July 2005 to October 2006, Dr. Olanoff was president and chief executive officer at Celsion Corporation. He also served as executive vice president and chief scientific officer of Forest from 1995 to 2005. Prior to joining Forest in 1995, Dr. Olanoff served as senior vice president of clinical research and development at Sandoz Pharmaceutical Corporation (now a division of the Novartis Group) and at the Upjohn Company in a number of positions including corporate vice president of clinical development and medical affairs.

In addition, he is currently an adjunct assistant professor and special advisor to the president for corporate relations at the Medical University of South Carolina (MUSC), an ex-officio director of the MUSC Foundation for Research Development, chairman of the board of the Clinical

Biotechnology Research Institute at Roper St. Francis Hospital, a board member of the Horizon Project and the Zucker Institute for Applied Neurosciences, and a former board member of Axovant Sciences Ltd.

Dr. Olanoff received his Ph.D. in biomedical engineering and M.D. degree from Case Western Reserve University. Dr. Olanoff s detailed knowledge of the pharmaceutical industry, his broad operational experience and his research and development leadership over the course of his career make him an important asset to our board of directors.

Douglas E. Williams, Ph.D., 60, Independent

Director since 2014

Dr. Williams has been the president and chief executive officer of Codiak Biosciences Inc. since August 2015; previously he served as executive vice president, research and development at Biogen Inc. from January 2011 to July 2015. Before joining Biogen, Dr. Williams held several senior executive positions at ZymoGenetics Inc., a biopharmaceutical company, including chief executive officer and a director from January 2009 to October 2010, president and chief scientific officer from July 2007 to January 2009 and executive vice president, research and development and chief scientific officer from 2004 to July 2007. Previously, he held leadership positions within the biotechnology industry, including chief scientific officer and executive vice president of research and development at Seattle Genetics Inc., and senior vice president and

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Washington site leader at Amgen Inc. Dr. Williams also served in a series of scientific and senior leadership positions over a decade at Immunex Corp., including as executive vice president and chief technology officer and senior vice president of discovery research, as well as previously serving as a director of the company.

Prior to that, Dr. Williams served on the faculty of the Indiana University School of Medicine and the Department of Laboratory Medicine at the Roswell Park Memorial Institute in Buffalo, New York. Dr. Williams serves on the board of directors of Ovid Therapeutics, Inc., and previously served on the board of directors of Regulus Therapeutics Inc. and Oncothyreon Inc.

Dr. Williams received his B.S. in Biological Sciences from the University of Massachusetts Lowell and Ph.D. in Physiology from the State University of New York at Buffalo, Roswell Park Memorial Institute Division. Dr. Williams brings to our board of directors significant senior management and scientific experience at biotechnology companies, which we believe is important to our goal of maximizing our current products and executing on our corporate strategy and associated pipeline.

Amy W. Schulman, 57, Independent

Director since 2017

In July 2015, Ms. Schulman co-founded and joined Lyndra, Inc. as chief executive officer. In February 2017, she became chief executive officer of Olivo Laboratories, LLC. Ms. Schulman is also a senior lecturer at Harvard Business School, where she was appointed to the faculty in July 2014, and has been a partner at Polaris Partners since August 2014. Ms. Schulman served as chief executive officer of Arsia Therapeutics, Inc. from August 2014 to November 2016 when Arsia was acquired by Eagle Pharmaceuticals, Inc. Ms. Schulman was previously the executive vice president and general counsel of Pfizer Inc. from May 2008 to July 2014, where she also served as the business unit lead for Pfizer s consumer healthcare business from April 2012 to December 2013. Before joining Pfizer, she was a partner at the law firm DLA Piper, where she was a member of the board and executive policy committees.

Ms. Schulman also serves as a director of Arsanis, Inc., Alnylam Pharmaceuticals, Inc. and Blue Buffalo Pet Products, Inc., and previously served as a director of BIND Therapeutics, Inc. Ms. Schulman graduated with honors with B.A. degrees in philosophy and English from Wesleyan University, where she was elected to Phi Beta Kappa, and earned her J.D. from Yale Law School in 1989. Ms. Schulman brings to our board of directors extensive leadership experience in the biotechnology industry in areas of great importance to the success of our business as we execute on our corporate objectives, including commercial strategy, corporate development and capability building.

Class III Directors (term expires at the 2019 annual meeting)

Marsha H. Fanucci, 65, Independent

Director since 2009

Ms. Fanucci served as senior vice president and chief financial officer of Millennium Pharmaceuticals, Inc. from July 2004 through January 2009, where she was responsible for corporate strategy, treasury, financial planning and reporting and operations. While at Millennium, she also served as vice president, finance and corporate strategy and vice president, corporate development and strategy. Previously, she was vice president of corporate development and strategy at Genzyme Corporation, a biotechnology company, from 1998 to 2000. From 1987 to 1998, Ms. Fanucci was employed at Arthur D. Little, Inc. where she most recently served as vice president and director.

Ms. Fanucci presently serves on the board of directors of Alnylam Pharmaceuticals, Inc. and Syros Pharmaceuticals, Inc., and previously served on the board of directors of Momenta Pharmaceuticals, Inc. She received her B.S. in pharmacy from West Virginia University and her M.B.A. from Northeastern University. Because of her extensive financial experiences at Millennium Pharmaceuticals and Genzyme in addition to her current and former directorships at Syros Pharmaceuticals, Alnylam Pharmaceuticals and Momenta Pharmaceuticals, we believe that Ms. Fanucci provides valuable industry insight and essential financial expertise as we execute our corporate objectives.

Terrance G. McGuire, 62, Independent

Director since 1998

Chair since 2015

Mr. McGuire was a co-founder and is currently a general partner of Polaris Partners. Prior to starting Polaris

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Partners in 1996, Mr. McGuire spent seven years at Burr, Egan, Deleage & Co., investing in early stage medical and information technology companies. He serves on the board of directors of Arsanis, Inc. and Pulmatrix, Inc. and several private companies and has served on the boards of Acceleron Pharma, Inc., Akamai Technologies, Inc., Aspect Medical Systems, Inc., Cubist Pharmaceuticals, Inc., deCODE genetics, Inc., Trevena, Inc. and various private companies.

Mr. McGuire is the former chairman of the National Venture Capital Association, which represents ninety percent of the venture capitalists in the U.S., chairman of the board of the Thayer School of Engineering at Dartmouth College, and a member of the boards of The David H. Koch Institute for Integrative Cancer Research at the Massachusetts Institute of Technology and The Arthur Rock Center for Entrepreneurship at Harvard Business School. Mr. McGuire earned a B.S. in physics and economics from Hobart College, an M.S. in engineering from The Thayer School at Dartmouth College, and an M.B.A from Harvard Business School. Mr. McGuire brings to our board extensive experience as a venture capitalist focused on the biotechnology industry, as well as many years of experience as a director of biotechnology companies guiding them in the execution of their corporate strategy and objectives.

Edward P. Owens, 71, Independent

Director since 2013

Mr. Owens was previously partner, portfolio manager and global industry analyst with Wellington Management Company, LLP where he worked in investment management since 1974. He was the portfolio manager of the Vanguard Health Care Fund for 28 years from its inception in May 1984 until his retirement from Wellington in December 2012.

Mr. Owens has a B.S. in physics from the University of Virginia and an M.B.A. from Harvard Business School. He brings to our board extensive experience in evaluating and investing in life sciences companies, providing valuable insight as we continue to strive towards our goal of maximizing long-term stockholder value.

Class I Directors (term expires at the 2020 annual meeting)

Andrew Dreyfus, 59, Independent

Director since 2016

Mr. Dreyfus has served as president and chief executive officer for Blue Cross Blue Shield of Massachusetts, or BCBSMA, one of the largest independent, not-for-profit Blue Cross Blue Shield plans in the country, since September 2010. From July 2005 to September 2010, Mr. Dreyfus served as the executive vice president of health care services of BCBSMA. Prior to joining BCBSMA, he served as the first president of the Blue

Cross Blue Shield of Massachusetts Foundation. Mr. Dreyfus also previously served as executive vice president of the Massachusetts Hospital Association and held a number of senior positions in Massachusetts state government, including undersecretary of consumer affairs and business regulation.

Mr. Dreyfus is chair of the board of the National Institute for Health Care Management and serves on the board of directors of BCBSMA, Blue Cross Blue Shield Association, Jobs for Massachusetts, and the advisory board of Ariadne Labs. Mr. Dreyfus received a B.A. in English from Connecticut College. Mr. Dreyfus brings to our board of directors significant expertise in the healthcare payer and reimbursement market, and broad management and executive leadership experience, providing valuable insight as we continue to develop and commercialize medicines in an evolving healthcare landscape.

Peter M. Hecht, 54, Chief Executive Officer

Director and chief executive officer since founding in 1998

Under Dr. Hecht s leadership, Ironwood has grown from nine Ph.D. scientists to a commercial biotechnology company. Prior to founding Ironwood, Dr. Hecht was a research fellow at Whitehead Institute for Biomedical Research. Dr. Hecht serves on the advisory board of Ariadne Labs. Dr. Hecht earned a B.S. in mathematics and an M.S. in biology from Stanford University, and holds a Ph.D. in molecular biology from the University of California at Berkeley. Dr. Hecht s experiences as one of our founders and his tenure as our chief executive officer make him a valuable member of our board of directors.

Julie H. McHugh, 53, Independent

Director since 2014

Ms. McHugh most recently served as chief operating officer for Endo Health Solutions, Inc., from March 2010 through May 2013, where she was responsible for the specialty pharmaceutical and generic drug businesses. Prior to joining

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Endo, Ms. McHugh was the chief executive officer of Nora Therapeutics, Inc., a venture capital backed biotech start-up company focused on developing novel therapies for the treatment of infertility disorders. Before that she served as company group chairman for Johnson & Johnson s (J&J) worldwide virology business unit, and previously she was president of Centocor, Inc., a J&J subsidiary. While at J&J, Ms. McHugh oversaw the development and launches of several products, including Remicade® (infliximab), Prezista® (darunavir) and Intelence® (etravirine), and she was responsible for oversight of a research and development portfolio including compounds for HIV, hepatitis C, and tuberculosis. Prior to joining Centocor, Ms. McHugh led the marketing communications for gastrointestinal drug Prilosec® (omeprazole) at Astra-Merck Inc.

She currently serves on the board of visitors for the Smeal College of Business of the Pennsylvania State University as well as on the board of directors of Aerie Pharmaceuticals, Inc., Lantheus Holdings, Inc. and Trevena, Inc., all publicly held companies, and The New Xellia Group, a privately held company. She previously served on the board of directors for ViroPharma Inc., Epirus Biopharmaceuticals, Inc., the Biotechnology Industry Organization (BIO), the Pennsylvania Biotechnology Association and the New England Healthcare Institute (NEHI).

Ms. McHugh received her masters of business administration degree from St. Joseph s University and her Bachelor of Science degree from Pennsylvania State University. Ms. McHugh s experience as a chief executive officer and a chief operating officer at large multinational pharmaceutical companies make her a valuable member of our board of directors, particularly as we evolve as a company and seek to maximize our current products and execute on our corporate strategy and associated pipeline.

Audit Committee.

We have a separately designated standing audit committee established by our board for the purpose of overseeing our accounting and financial reporting processes and audits of our financial statements. The members of our audit committee are Mses. Fanucci and McHugh and Mr. Dreyfus. Ms. Fanucci chairs the audit committee. Our audit committee met five times during 2017. Our audit committee assists our board of directors in its oversight of significant risks facing Ironwood, the integrity of our financial statements and our independent registered public accounting firm s qualifications, independence and performance.

Our audit committee s responsibilities include:

- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements, earnings releases and related disclosures;

- reviewing and discussing with management and our independent registered public accounting firm our internal controls and internal auditing procedures, including any material weaknesses in either;

- discussing our accounting policies and all material correcting adjustments with our management and our independent registered public accounting firm;

- discussing with our management and our independent registered public accounting firm any significant risks facing the company and the related mitigation plans, as well as monitoring our internal control over financial reporting and disclosure controls and procedures;

- appointing, overseeing, and approving the compensation for and, when necessary, terminating our independent registered public accounting firm;

- approving all audit services and all permitted non-audit, tax and other services to be performed by our independent registered public accounting firm, in each case, in accordance with the audit committee s pre-approval policy;

- discussing with the independent registered public accounting firm its independence and ensuring that it receives the written disclosures regarding these communications required by the Public Company Accounting Oversight Board;

- reviewing and approving all transactions or series of similar transactions to which we were or are a party in which the amount involved exceeded or exceeds $120,000 and in which any of our directors, executive officers, holders of more than 5% of any class of our voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation

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arrangements with directors and executive officers;

- recommending whether the audited financial statements should be included in our annual report and preparing the audit committee report required by SEC rules;

- reviewing all material communications between our management and our independent registered public accounting firm;

- reviewing, updating and recommending to our board approval of our code of business conduct and ethics; and

- establishing procedures for the receipt, retention, investigation and treatment of accounting related complaints and concerns.

Ms. Fanucci is an audit committee financial expert, as defined in Item 407(d)(5) of Regulation S-K.

Certain information regarding our executive officers is set forth at the end of Part I, Item 1 of the Original Report under the heading, Executive Officers of the Registrant.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors, executive officers and beneficial owners of more than 10% of our Class A common stock and Class B common stock, combined, are required under Section 16(a) of the Exchange Act to file reports of ownership and changes in ownership of our securities with the SEC. Our staff assists our directors and executive officers in preparing ownership reports and reporting ownership changes, and typically files these reports on their behalf. Based on a review of the copies of reports filed by us or by our 10% stockholders and representations that no other reports were required, we believe that during 2017 our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics applicable to our directors, executive officers and all other employees. A copy of that code is available on our corporate website at http://www.ironwoodpharma.com. Any amendments to the code of business conduct and ethics, and any waivers thereto involving our executive officers, also will be available on our corporate website. A printed copy of these documents will be made available upon request. The content on our website is not incorporated by reference into this Amendment.

Item 11. ***Executive Compensation***

Executive and Director Compensation

Compensation Discussion and Analysis

Executive Summary

We are a commercial biotechnology company, and **we and our named executive officers are committed to our mission** of creating and commercializing medicines that make a difference for patients, building value for our fellow stockholders, and empowering our passionate team.

Our executive officer compensation program is designed to **attract and motivate the owner-oriented employees we seek and align their interests with those of our fellow stockholders and to create long-term stockholder value**. The three primary elements of our executive officer compensation program are base salary, cash bonus and long term equity incentive compensation. Long term equity incentive compensation represents a significant percentage of each named executive officer s total direct compensation. By linking the ultimate value of their compensation to our stockholders returns, we believe this emphasis on equity strongly reinforces the concept of pay for performance.

Our current named executive officers have modeled this owner-oriented mindset through their own actions. In aggregate, during the five-year period from 2013 through 2017, they either held or exercised and held more than 80% of their total vested stock options. Further, the majority of options exercised by our named executive officers during this period were exercised because the options were expiring.

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In addition, the pay opportunity of our chief executive officer, Dr. Hecht, demonstrates the strong alignment of our compensation program with our stock s performance. Pay opportunity includes base salary, target bonuses and grant-date fair value of stock options awarded in this time frame, while realizable pay includes actual salary received, bonuses paid and in-the-money value of stock options granted during the period. Dr. Hecht has also consistently declined annual cash bonuses and increases in his base salary, including for 2017, and he continues to earn the salary of $100,000 per year that he was first awarded 20 years ago in 1998.

Our performance in 2017 included the following achievements:

- Irritable Bowel Syndrome with Constipation, or IBS-C, and Chronic Idiopathic Constipation, or CIC

- Grew LINZESS® (linaclotide) U.S. net sales, as reported by Ironwood s U.S. collaboration partner Allergan plc, to $701.2 million for the full year 2017, an increase of 12% compared to the full year 2016.

- Received U.S. FDA approval for a 72 mcg dose of LINZESS for the treatment of CIC in adult patients in February 2017 and introduced the LINZESS 72 mcg dose into the market in March 2017.

- Updated the linaclotide life cycle management strategy in the U.S., which includes (1) identification of a development path with LINZESS intended to obtain abdominal symptom claims including bloating and discomfort, two highly bothersome symptoms associated with IBS-C, through a single Phase III trial, and (2) advancement of linaclotide delayed release as a potential visceral, non-opioid, pain-relieving agent for patients suffering from all forms of IBS.

- Our partner Astellas Pharma Inc. launched LINZESS for adults with IBS-C in Japan, and submitted a Supplemental New Drug Application with the Pharmaceuticals and Medical Devices Agency in Japan for approval for the additional indication of chronic constipation.

- Uncontrolled Gout

- Received U.S. FDA approval for DUZALLO® (lesinurad and allopurinol) for patients who have not achieved target serum uric acid levels with a medically appropriate dose of allopurinol alone. We began commercializing DUZALLO in October 2017. DUZALLO is the first FDA-approved fixed-dose combination treatment that addresses both causes of hyperuricemia in gout, over-production and under-excretion of serum uric acid, in a single pill.

- Uncontrolled Gastroesophageal Reflux Disease, or uGERD

- Reported positive top-line data from a Phase IIb clinical trial of IW-3718 in adult patients with uGERD, supporting potential advancement into a Phase III program.

- Diabetic Nephropathy and Heart Failure with Preserved Ejection Fraction, or HFpEF

- Advanced our lead sGC stimulator, praliciguat (IW-1973), into Phase II trials for the potential treatment of diabetic nephropathy and of HFpEF.

- Reported top-line data from two Phase IIa trials of praliciguat, demonstrating positive cardiovascular, metabolic and endothelial effects in patients with type 2 diabetes and hypertension.

- Sickle Cell Disease and Achalasia

- Advanced our second clinical sGC stimulator, IW-1701, into Phase II trials for the potential treatment in patients with sickle cell disease and patients with achalasia.

- Financial Highlights

- Recorded Ironwood collaborative arrangements revenue of $298.3 million for the full year 2017, driven primarily by $258.0 million in our share of the net profits from the sales of LINZESS in the

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U.S., $29.7 million in linaclotide active pharmaceutical ingredient to Astellas in Japan, $3.1 million in ZURAMPIC and DUZALLO product revenue, and $7.5 million in linaclotide royalties, co-promotion and other revenue.

- Demonstrated strong financial performance, meeting all financial guidance set out at the beginning of 2017.

In determining compensation for our named executive officers, our compensation and HR committee emphasizes the achievement of our corporate goals designed to drive and maximize stockholder value. We made strong progress in 2017. However, we did not achieve all of the aggressive corporate goals that we set in the beginning of the year and, as a result, **our company performance achievement multiplier for 2017 was 84% as determined by the compensation and HR committee**. Accordingly, payments made to our named executive officers under our annual cash bonus program in 2018 for performance in 2017 were below their target payments.

We highly value the insights and feedback we obtain from our stockholders. Based on the 2017 recommendation of our stockholders, our board determined to provide our stockholders the opportunity to cast an advisory (non-binding) vote on named executive officer compensation, or a say-on-pay vote, every year. We believe this will allow our stockholders to provide us with regular, timely and direct input on executive compensation philosophy, policies and practices in order to further align our compensation programs with our stockholders interests, and to enhance our ability to take timely stockholder feedback into consideration as part of our compensation review process.

Therefore, this year our stockholders will have an opportunity at the 2018 annual meeting of stockholders to vote on say-on-pay. The last time we sought stockholder input with the say-on-pay vote was at our 2017 annual meeting of stockholders, and **over 98% of votes cast by our stockholders voted in support of our named executive officer compensation**.

In addition to the formal say-on-pay vote, our senior management frequently meets with stockholders informally through regular investor relations channels to discuss topics important to our business, including Ironwood s corporate strategy, capital allocation, governance and executive compensation. In 2017, senior management met with nearly all of Ironwood s top 25 stockholders, representing more than 70% of our outstanding shares. We believe that these discussions are essential to understanding the topics that are most important to our stockholders, and our learnings play a critical role in developing and executing our strategy.

Named Executive Officers

This section discusses the principles underlying our policies and decisions with respect to the compensation of our executive officers who are named in the *Summary Compensation Table*, or our named executive officers . Provided below are all material factors we believe are relevant to an analysis of these policies and decisions. Our named executive officers are:

- Peter M. Hecht, Ph.D., chief executive officer;

- Gina Consylman, chief financial officer and senior vice president;
- Mark G. Currie, Ph.D., senior vice president, chief scientific officer, and president of research and development;
- Halley E. Gilbert, senior vice president, chief legal officer, and secretary;
- Thomas A. McCourt, senior vice president, marketing and sales, and chief commercial officer; and
- Tom Graney, former chief financial officer and senior vice president, finance and corporate strategy.

SEC rules require that we discuss the compensation of all individuals serving in the role of chief financial officer during 2017. As a result, Ms. Consylman, who became chief financial officer effective November 27, 2017, and Mr. Graney, who served as our chief financial officer until September 13, 2017, are discussed in such capacity. Ms. Consylman was previously our interim chief financial officer from September 13, 2017 through November 26, 2017. The only compensation paid to Mr. Graney in connection with his departure was for unused but accrued vacation time.

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Compensation Philosophy

The objective of our compensation policies is to provide compensation and incentives that align employee actions and motivations with the interests of our stockholders; attract, motivate and reward outstanding talent across Ironwood through well-communicated programs that are aligned with our core values and business mission; and support a positive company culture.

Our core values are:

- *Ownership*: drive outstanding long-term value.
- *Collaboration*: achieve more together.
- *Innovation*: make a difference for patients.
- *Excellence*: foster greatness in each other.
- *Humanity*: act with honesty, integrity and respect.
- *Have fun*.

In addition, we have incorporated the concept of critical success factors into our performance management and compensation philosophy that we believe provide a useful framework for being a productive and successful member of our team. Among other uses, these success factors enable managers to use a common language of expected behaviors upon which individual performance can be managed and evaluated.

We are guided by the following principles with respect to our compensation determinations:

- design compensation and incentive programs that align employee actions and motivations with the interests of our stockholders, support our business objectives and hold employees accountable for the achievement of key goals and milestones;

- foster and support our performance-driven culture by setting clear, high-value, aggressive goals, rewarding outstanding performers to the extent these goals are achieved, and making sure our best performers know clearly that we value their contributions;

- as with all spending, serve as careful stewards of our stockholders assets when making compensation decisions;

- maximize our employees sense of ownership so that they have a long-term owner s perspective, can see the impact of their efforts on our success, and can share in the benefits of that success through the opportunity to become stockholders of Ironwood via stock options, restricted stock units (RSUs) and other equity awards;

- recognize that compensation is one of a number of tools to stimulate and reward productivity, great drug making, and successful commercialization, together with recognizing individual growth potential, providing a great workplace culture, and sharing in our success;

- foster a strong team culture, focused on our principles of great drug making and commercializing those drugs that we discover or in-license and develop, which is reinforced through our compensation and incentive programs;

- design compensation and incentive programs that are fair, equitable and competitive; and

- design compensation and incentive programs that are simple and understandable.

Highlighted procedures and tools that we use to ensure effective governance of compensation plans and decisions include:

- our compensation and HR committee has the authority to hire independent counsel and other advisors;

- our compensation and HR committee conducts a regular review and assessment of risk as it relates to our compensation policies and practices;

- as part of our insider trading prevention policy, our executive officers and directors are prohibited from engaging in any hedging or monetization transactions of our common stock, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds;

- we have no perquisites other than broad-based health and welfare benefits, transportation and fitness stipends, a 401(k) plan and a relocation program that we make available to all of our employees; under our relocation program, participants are required to pay back the full amount of all relocation benefits in connection with their departure from Ironwood in certain circumstances;

- our Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan, or our 2010 Plan, prohibits options repricing (absent stockholder approval) and options backdating;

- our executive severance arrangements and our change of control severance benefit plan, which applies to all of our employees including our executive officers, do not provide for tax gross-ups;

- our change of control severance benefit plan contains double-trigger requirements for equity acceleration and other benefits in the event of a change of control;

- eight of our nine directors are independent, including all members of our compensation and HR committee, and, subject to certain limited exceptions, no director may transfer any shares of restricted stock while such person is a director of Ironwood; and

- if we are required to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws as a result of misconduct, our chief executive officer and chief financial officer may be legally required to reimburse us for any bonus or other incentive-based or equity-based compensation they receive in accordance with the provisions of section 304 of the Sarbanes-Oxley Act of 2002. Additionally, we intend to implement a Dodd-Frank Wall Street Reform and Consumer Protection Act-compliant clawback policy after the SEC issues final rules regarding such requirements.

Basis for Our Compensation Policies and Decisions

Summary

Our compensation policies and individual compensation determinations are evaluated annually, and we take into consideration our results of operations, our long- and short-term goals, individual goals, market data, the competitive market for our executive officers and general economic factors. As set forth in our compensation and HR committee s written charter, our compensation and HR committee has the responsibility of reviewing and approving the compensation of our executive officers; annually reviewing and determining our chief executive officer s compensation based on the committee s evaluation of his performance; recommending to the full board the adoption of new compensation plans; administering our existing plans; recommending director and committee compensation to the full board; and overseeing succession planning for our senior management. In addition, our compensation and HR committee is responsible for ensuring that our compensation policies are aligned with our compensation philosophy and guiding principles.

Our compensation and HR committee makes all of the compensation determinations with respect to each of our executive officers. In making its determinations with respect to Dr. Hecht, our compensation and HR committee takes into account the feedback from the other members of our board, as well as the feedback from each of our other executive officers, and a number of other members of our management team. In making its determinations with respect to each of our executive officers other than Dr. Hecht, our compensation and HR committee takes into account the feedback and recommendations from Dr. Hecht, the executive officer s direct reports and other members of our management team.

The components of each of our executive officer s initial compensation package was based on numerous factors, including:

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- the individual s particular background and circumstances, including prior relevant work experience and compensation paid prior to joining us;

- the individual s role with us and the compensation paid to similar persons in the companies represented in the compensation data that we reviewed;

- the demand for people with the individual s specific expertise and experience at the time of hire;

- performance goals and other expectations for the position;

- comparison to other executive officers within Ironwood having similar levels of expertise and experience; and

- uniqueness of industry skills.

Our compensation and HR committee has the authority to select and retain independent advisors and consultants to assist it with carrying out its responsibilities, and we are required to pay any related expenses approved by the committee. For 2017, our compensation and HR committee exercised its authority to engage Pearl Meyer & Partners, LLC, or PM, as a compensation consultant. PM reported directly to our compensation and HR committee and did not provide us with any services other than those requested by our compensation and HR committee and the review of this *Compensation Discussion and Analysis* for conformance with best practices. Based on the scope of our compensation and HR committee s engagements with PM, it was determined that PM does not have a conflict of interest in its role as compensation consultant under applicable rules.

In order to assist us in setting 2017 compensation, PM conducted a competitive assessment of 2016 compensation for our executive officers, which reflected that Dr. Hecht s target total cash compensation was well below market median, and while his equity-based compensation bridged some of the gap, his target total direct compensation was below the market median. The assessment also reflected that target total direct compensation for our other executive officers was also below the market median in aggregate. PM s assessment analyzed:

- base salary;

- target total cash compensation (which is base salary plus the target bonus);

- long-term equity incentives (which are valued based on grant date fair value); and

- target total direct compensation (which is target total cash compensation plus the value of the most recent long-term incentive grant).

The table below reflects our 2016 target compensation in comparison to the competitive assessment data.

	2016 Target Compensation vs. Composite Competitive Market Positioning (pay as percent of median)	
	Chief Executive Officer	**Average for Other Executive Officers**
Base Salary	13%	103%
Target Total Cash Compensation	11%	103%
Equity	100%	75%
Target Total Direct Compensation	80%	82%

In performing this competitive assessment, PM used two data sources our peer group and data from the Radford Global Life Sciences Survey employing the appropriate industry, headcount and executive role perspectives. Our peer group is comprised of publicly traded companies in the pharmaceutical, biotechnology and life sciences industries that represent competitors for executive talent and capital. In recognition that our peer group companies tend to be larger than us (including with respect to revenues), while the Radford Global Life Sciences Survey includes companies that represent a broader market perspective and may not share our growth prospects, PM combined peer group data and broad industry data for companies

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our size weighing each source equally, to enable a composite competitive assessment of executive compensation. Our compensation and HR committee reviewed the 25th, 50th and 75th percentiles for these market composite pay positions to better understand how competitive pay varied with company size and other factors. PM also prepared an analysis of incentive program market trends, including analyses of the short- and long-term elements of compensation as compared to those in our peer group, and a detailed equity usage and dilution analysis of Ironwood as compared with the companies in our peer group.

Our compensation and HR committee considered the results of PM s competitive assessment in evaluating compensation for 2017, and determined that no significant changes to the design of our executive officers compensation were warranted. The results of PM s assessment have been, and will continue to be, taken into consideration when making compensation decisions, but will not be used to mandate any specific actions.

Our peer group, which was compiled by PM with input from our management team, our board, and our compensation and HR committee, is reviewed annually by our compensation and HR committee for composition and appropriateness. We take a rules-based approach in reviewing and setting our peer group and apply a qualitative lens to the result to help focus the group on the companies with which we are competing for talent. We first identify a potential pool of peer companies from a number of sources, including the companies listing Ironwood in their peer groups and the other companies listed in such peer companies peer groups, as well as companies included in third-party peer group assessments. We then apply certain size filters including revenue, number of employees and research and development expense, as well as certain business model filters including product focus, market capitalization and growth.

As a result of the 2017 peer group assessment, our compensation and HR committee, with input from our management team and PM, removed Medivation, Inc. because it was acquired and was no longer a standalone public company, in addition to Arena Pharmaceuticals, Inc. and Merrimack Pharmaceuticals, Inc. because they were determined to be different in size or business model from Ironwood. Our compensation and HR committee added Agios Pharmaceuticals, Inc., Intercept Pharmaceuticals, Inc. and Tesaro, Inc., each of which met all or most of the business model and size filters at the time of our review. As a result, our peer group is composed of the following 15 companies, which at the time of our review had a median market capitalization of approximately $3.3 billion, a median of approximately 545 employees, and a commercial drug or drug candidate in later stage development:

Acorda Therapeutics, Inc.	Incyte Corporation
Agios Pharmaceuticals, Inc.	Intercept Pharmaceuticals, Inc.
Alkermes plc	Momenta Pharmaceuticals, Inc.
Alnylam Pharmaceuticals, Inc.	Nektar Therapeutics
AMAG Pharmaceuticals, Inc.	Seattle Genetics, Inc.
Depomed, Inc.	Tesaro, Inc.
Horizon Pharma plc	United Therapeutics Corporation
	Vertex Pharmaceuticals Incorporated

Process for Determining Individual Compensation and Role of Executive Officers

Each January, our compensation and HR committee, in conjunction with our senior management, finalizes its assessment of our corporate performance for the prior year. Upon completion of our goal assessment, our bonus and equity pools are calibrated for corporate performance and approved by our compensation and HR committee. Our compensation and HR committee assigns a portion of each of these pools to all of our employees other than our executive officers, and delegates the allocation of these portions to our chief executive officer and our chief financial officer. Our compensation and HR committee also approves any salary increase, cash bonus and equity awards for our chief executive officer and, in consultation with our chief executive officer, for each of our other executive officers. In making these compensation-related decisions for 2017, our compensation and HR committee and senior management considered the competitive assessment prepared by PM and described in more detail above, as well as the other factors described in this *Compensation Discussion and Analysis*.

Additionally, our compensation and HR committee may decide, as appropriate, to modify the mix or amount of base salary, bonus, and long-term incentives to best fit an executive officer s specific circumstances or, if required by competitive market conditions, to attract and motivate skilled personnel. For example, our compensation and HR committee may decide to grant additional equity awards to an executive officer if that officer receives a base salary or cash bonus award significantly below that of his or her counterparts in our peer group or other market data reviewed by our compensation and HR committee, despite successful attainment of our corporate or his or her individual goals. We believe that this discretion and flexibility allows our compensation and HR committee to better achieve our compensation objectives.

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Corporate and Individual Goals for 2017

For 2017, allocations of cash and equity awards were, in large part, dependent upon us meeting certain weighted corporate performance goals. We work thoughtfully with our compensation and HR committee and other members of our board of directors to establish what we believe are challenging corporate goals. In early 2017, our compensation and HR committee approved the following corporate performance goals for 2017:

- maximizing the impact of our products, including successfully driving appropriate growth of our IBS/CIC franchise and our gout franchise in the United States according to certain financial and commercial performance metrics, obtaining approval of a new dose of LINZESS, and obtaining approval of and launching DUZALLO;

- accessing value-creating assets;

- advancing our mid- and late-stage pipeline programs by achieving clinical and other milestones;

- meeting certain financial goals; and

- leveraging our talent, team and culture by further embedding quality into our culture, evolving our dynamic culture as a source of competitive advantage, improving capabilities, and enhancing value through communications.

In addition to the foregoing corporate performance goals, our compensation and HR committee also approved certain challenging stretch goals directly related to our corporate goals, and which were intended to inspire innovation, creativity and strong performance. Dr. Hecht s performance evaluation was based primarily on the achievement of our corporate goals. Our other executive officers were evaluated on the achievement of corporate goals and additional individual goals which contribute toward, and relate directly to, the accomplishment of our corporate goals.

Our performance against 2017 corporate goals was used to determine compensation awards and adjustments in early 2018. In January 2018, our compensation and HR committee determined that we achieved 84% of our 2017 corporate goals. These goals and our actual level of achievement of these goals in 2017, are as follows:

Corporate Goal	**Target Percentage (%)**	**Actual Level of Achievement (%)**
	35%	26%

Maximize the impact of our products: successfully drive appropriate growth of our IBS/CIC franchise and our gout franchise in the United States according to certain financial and commercial performance metrics, obtain approval of a new dose of LINZESS, and obtain approval of and launch DUZALLO		
Access value-creating assets	5%	5%
Advance our mid- and late-stage pipeline programs by achieving clinical and other milestones	30%	28%
Meet certain financial goals	15%	11%
Leverage our talent, team and culture	15%	14%
Totals	100%	84%

In addition to the 2017 corporate goals identified above, for which each of our named executive officers was directly accountable, the following is a summary of the 2017 individual goals for our named executive officers set in early 2017, other than Dr. Hecht, who is compensated primarily on the basis of the achievement of our corporate goals.

Name	**Summary of Individual Goals**
Gina Consylman	• Serve as an enterprise leader and strategic partner to the chief executive officer in all parts of our business • Lead and guide the company on all financial decisions, including managing a strong balance sheet to enable the company to meet its objectives and be positioned to achieve its long-term goals

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	• Drive value creation in the evaluation and, when appropriate, pursuit of business development opportunities for the organization through effective cross-functional collaboration and strategic guidance • Represent Ironwood within the investment community • Ensure company compliance with financial regulations and standards, including those related to The Sarbanes-Oxley Act of 2002, as well as SEC reporting • Evolve our culture of ownership, collaboration and innovation to drive incremental value for the company • Create integrated workforce, talent and capability plans that position us to execute our goals and longer-term strategy
Mark G. Currie, Ph.D.	• Serve as an enterprise leader and strategic partner to the chief executive officer in all parts of our business • Serve as strategic leader on all research and development decisions and manage investments and expenses to enable the company to meet its objectives and be positioned to achieve its long-term goals • Advance our products and product candidates and further our discovery efforts through pipeline investments in the key value drivers of our business, including with respect to our mid to late stage pipeline • Enhance the clinical profile of LINZESS and drive linaclotide development programs to advance in additional indications, populations and formulations • Leverage internal research and development capability to support the advancement of our uncontrolled gout program • Drive value creation in the evaluation and, when appropriate, pursuit of business development opportunities for the organization through effective cross functional collaboration and strategic guidance • Evolve our culture of ownership, collaboration and innovation to drive incremental value for the company • Create integrated workforce, talent and capability plans that position us to execute our goals and longer-term strategy
Halley E. Gilbert	• Serve as an enterprise leader and strategic partner to the chief executive officer in all parts of our business • Lead and guide the company on all legal decisions and appropriately manage

	investments and expenses to enable the company to meet its objectives and be positioned to achieve its long-term goals • Provide the highest quality advice on all legal, intellectual property and compliance matters, serving the company s priority business objectives while ensuring financial management and discipline and managing and mitigating risk • Drive value creation in the evaluation and, when appropriate, pursuit of business development opportunities for the organization through effective cross functional collaboration and strategic guidance • Evolve our culture of ownership, collaboration and innovation to drive incremental value for the company • Create integrated workforce, talent and capability plans that position us to execute our goals and longer-term strategy
Thomas A. McCourt	• Serve as an enterprise leader and strategic partner to the chief executive officer in all parts of our business • Serve as strategic leader on all commercial decisions and appropriately manage investments and expenses to enable the company to meet its objectives and be positioned to achieve its long-term goals • Build brand awareness and appropriate growth, while enhancing the global brand for linaclotide through close collaboration with partners and other members of senior management • Drive demand for LINZESS and build Gout franchise through sales of ZURAMPIC and DUZALLO

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	• Lead the commercial field sales force in successfully commercializing our products, while maintaining a culture of compliant, patient centered care • Drive value creation in the evaluation and, when appropriate, pursuit of business development opportunities for the organization through effective cross functional collaboration and strategic guidance • Evolve our culture of ownership, collaboration and innovation to drive incremental value for the company • Create integrated workforce, talent and capability plans that position us to execute our goals and longer-term strategy
Tom Graney	• Serve as an enterprise leader and strategic partner to the chief executive officer in all parts of our business • Lead and guide the company on all financial decisions, including managing a strong balance sheet to enable the company to meet its objectives and be positioned to achieve its long term goals • Lead corporate strategy and business development functions to drive Ironwood s growth and long term success • Drive value creation in the evaluation and, when appropriate, pursuit of business development opportunities for the organization through effective cross functional collaboration and strategic guidance • Guide the company on strategic portfolio investment decisions focused on delivering value • Drive long-range planning based on the corporate strategy, portfolio opportunities and risks, financing needs, valuation models and organizational capabilities • Evolve our culture of ownership, collaboration and innovation to drive incremental value for the company • Create integrated workforce, talent and capability plans that position us to execute our goals and longer-term strategy

In early 2018, Dr. Hecht evaluated each named executive officer s individual performance and provided feedback and made recommendations to our compensation and HR committee, which approved the named executive officers compensation, taking into account Ironwood s level of achievement of its corporate goals as well as the fact that each named executive officer met or exceeded all or substantially all of his or her respective individual goals for 2017.

Compensation Actions in 2017 and 2018

Summary

The following table summarizes the compensation actions taken by our compensation and HR committee for each of our named executive officers in recognition of the company s and his or her performance in 2017 and to motivate him or her toward achievement of our goals in 2018.

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Name	**Peter M. Hecht, Ph.D.**	**Gina Consylman**	**Mark G. Currie, Ph.D.**	**Halley E. Gilbert**	**Thomas A. McCourt**	**Tom Graney Former Chief Financial Officer and Senior Vice President, Finance and Corporate Strategy(1)**
Title	**Chief Executive Officer**	**Chief Financial Officer, and Senior Vice President**	**Senior Vice President, Chief Scientific Officer, and President of R&D**	**Senior Vice President, Chief Legal Officer, and Secretary**	**Senior Vice President, Marketing and Sales, and Chief Commercial Officer**	
Base salary increase	(2)	(3)	$ 15,000	$ 20,000	$ 15,000	
2017 base salary	$ 100,000	$ 415,000	$ 470,000	$ 440,000	$ 450,000	$ 445,000
2018 base salary	$ 100,000	$ 415,000	$ 485,000	$ 460,000	$ 465,000	
Cash bonus(4)	(2)	$ 185,000	$ 210,000	$ 195,000	$ 191,000	
Annual restricted stock units awarded(5)		30,000(6)		35,000	21,875	
Annual stock options awarded(7)	390,000	60,000(6)	215,000	70,000	131,250	
Stock options awarded in lieu of base salary increase and cash bonus(7)	190,000(8)					

(1) Mr. Graney departed from Ironwood in September 2017.

(2) Our compensation and HR committee recommended a salary increase and a cash bonus for Dr. Hecht, but he declined to accept either.

(3) Ms. Consylman s base salary, reviewed and approved by the compensation and HR committee in November 2017 in connection with her promotion to chief financial officer, remained $415,000 for 2018 due to the substantial completion of calendar year 2017 at the time of her promotion. Ms. Consylman s salary as Vice President of Finance and Chief Accounting Officer prior to her promotion in 2017 was $325,700.

(4) Consists of payments made under our annual cash bonus program in 2018 for performance in 2017.

(5) These RSUs for shares of our Class A common stock were awarded on February 21, 2018 under our 2010 Plan and vest over four years as to 25% of the award on each approximate anniversary of the grant thereof.

(6) The equity grant Ms. Consylman received in 2018 connection with her 2017 promotion is excluded from the table above, as it was not part of our annual compensation process, and is discussed elsewhere in this Amendment.

(7) These stock options for shares of our Class A common stock were granted under our 2010 Plan and have an exercise price of $14.55 per share (the closing price of our Class A common stock on the NASDAQ Global Select Market on the grant date of February 21, 2018). Such stock options vest over four years as to 1/48th of the award on each monthly anniversary of January 1, 2018.

(8) Our compensation and HR committee consulted with PM to understand competitive market trends for chief executive officer total direct compensation and elected to grant Dr. Hecht an additional annual stock option award, which is discussed further below, in order to keep his overall compensation competitive with that of our peers while accounting for his declination of a salary increase or a cash bonus.

Chief Executive Officer

Dr. Hecht s salary of $100,000 represents the salary that he has been receiving since he began serving as chief executive officer in 1998, and his compensation is reviewed and approved annually by our compensation and HR committee. In January 2018, our compensation and HR committee recommended an increase to Dr. Hecht s base salary to be market competitive with his peers, as well as a bonus based on our achievement of 84% of our corporate goals, but Dr. Hecht declined to accept either. Since co-founding Ironwood in 1998, Dr. Hecht has declined both cash bonuses and increases to base salary each year. Dr. Hecht has further indicated to our compensation and HR committee that he would not expect or desire his cash compensation to increase in the future.

We recognize that Dr. Hecht s cash compensation is well below his market peers, but believe that the emphasis on stock ownership significantly aligns his interests with those of our fellow stockholders and the creation of long-term stockholder value. In lieu of cash bonuses or salary increases, our compensation and HR committee has granted Dr. Hecht stock options to keep his overall compensation competitive with that of our peers. In January 2017, Dr. Hecht was granted an annual stock option award of 530,000 shares based primarily on 123% achievement of our 2016 corporate goals, and an additional stock option award of 230,000 shares in lieu of a cash bonus or salary increase. In February 2018, Dr. Hecht was granted an annual stock option award of 390,000 shares based primarily on the achievement of 84% of our 2017 corporate goals, as well as an additional stock option award of 190,000 shares in lieu of a cash bonus or salary increase. We expect that

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Dr. Hecht s total compensation mix will continue to be focused more heavily on equity than our other executive officers.

We believe that time-based stock options are inherently performance-based, as they provide value to the recipient only if there is future stock price appreciation and do not provide any value if the stock price declines below the exercise price. This results in a close alignment of chief executive officer compensation with the value of our long-term stockholders investment in Ironwood. Dr. Hecht has long been a substantial stockholder in the company, currently beneficially owning nearly 5% of our total outstanding stock as of March 31, 2018 (as calculated in the beneficial ownership table beginning on page 36). In addition, in the five-year period from 2013 through 2017, Dr. Hecht either held or exercised and held approximately 90% of his total vested stock options, demonstrating his commitment to Ironwood and his alignment with our stockholders. Further, nearly all stock options exercised by Dr. Hecht during this period were exercised because they were expiring and the vast majority of stock options exercised and sold during this period were to cover the tax liabilities arising out of the exercises of such stock options as well as prior exercises in which Dr. Hecht paid the exercise price and held the underlying shares at the time of exercise.

Five-year Pay Opportunity vs. Five-year Realizable Pay

In the past five years, applying a Black-Scholes valuation methodology of the stock option grants issued to Dr. Hecht, because of our stock price performance, Dr. Hecht s realizable pay has significantly trailed his disclosed pay opportunities as shown in the chart below. Dr. Hecht s realizable pay is approximately 30% of the pay opportunity provided from 2013 through 2017, significantly driven by the value of the stock options granted to him during this period.

- **Pay opportunity** is defined as planned base salary, target bonuses and grant-date fair value of stock options granted from 2013 through 2017.

- **Realizable pay** is defined as actual salary received, bonuses paid and in-the-money value of stock options granted from 2013 through 2017 calculated by determining the difference between the December 29, 2017 closing price of our Class A common stock on the NASDAQ Global Select Market and the exercise price of each stock option.

Three-year Realizable Pay vs. Three-year Total Shareholder Return

Further, Dr. Hecht s total realizable pay from 2015 through 2017 shows a strong connection to our total shareholder return, or TSR, relative to our peer group, as shown in the graph below. Data points that are within the shaded area designate peer group companies that exhibit pay-for-performance alignment (meaning less than 25 percentage point difference between CEO realizable pay percentile and company TSR percentile).

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- **Realizable pay percentile rank** was determined using Dr. Hecht s realizable pay for 2015 through 2017 and comparing it to realizable pay for the CEOs of our peer group companies for 2014 through 2016, which is the most recent period for which data was available as of December 31, 2017, in each case as reported by the applicable company in its proxy statement.

- **TSR percentile rank** was determined using the actual TSR for Ironwood from 2015 through 2017 and for each of the companies in our peer group for the period from 2014 through 2016, which is the most recent period for which data was available as of December 31, 2017.

This analysis shows appropriate alignment of Dr. Hecht s compensation with our TSR for 2015 through 2017. We believe this is a complete depiction of pay and performance alignment for the following reasons:

- The analysis is based on the peer group set by the compensation and HR committee and described above;

- It takes into account stock price movement after the grant date (as opposed to grant date fair value reported in the Summary Compensation Table);

- For performance-based equity, the number of shares or units actually vesting is used for time periods where the performance period has been completed; and

- It excludes Other Compensation reported in the Summary Compensation Table which includes items that are not part of total direct compensation. For Ironwood, All Other Compensation is typically a small portion (*i.e.*, 2-3% for) of Summary Compensation Table pay for Dr. Hecht for the entire year. However, at our peer group companies, items related to executive turnover such as severance payments, vacation payouts to former executives and relocation payments are reported as All Other Compensation, which can be significant and can skew pay levels.

Other Named Executive Officers

Base Salary

In January 2017, our compensation and HR committee reviewed and approved the following base salaries for 2017 for our named executive officers other than Dr. Hecht: Dr. Currie received a $16,000 increase in base salary from $454,000 to $470,000, Ms. Gilbert received a $17,000 increase in base salary from $423,000 to $440,000, Mr. McCourt received a

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$15,000 increase in base salary from $435,000 to $450,000, and Mr. Graney received a $10,000 increase in base salary from $435,000 to $445,000. The increase in base salary for each of Dr. Currie, Ms. Gilbert, Mr. McCourt and Mr. Graney was in recognition of their meeting or exceeding all or substantially all of their respective individual performance goals in 2016, and took into account peer group and other market data from the PM competitive assessment discussed above. Ms. Consylman became chief financial officer of the company in November 2017, at which time, our compensation and HR committee reviewed and approved a base salary of $415,000 for Ms. Consylman, a $89,300 increase in base salary from $325,700, her salary as Vice President of Finance and Chief Accounting Officer prior to her promotion. In setting Ms. Consylman s base salary, our compensation and HR committee considered a number of factors, including Ms. Consylman s background, the compensation paid to chief financial officers at our peer group companies and other benchmark data, and executive compensation parity within Ironwood, as well as input from PM.

In January 2018, our compensation and HR committee reviewed and approved the following base salaries for 2018 for our named executive officers other than Dr. Hecht: Dr. Currie received a $15,000 increase in base salary from $470,000 to $485,000, Ms. Gilbert received a $20,000 increase in base salary from $440,000 to $460,000; and Mr. McCourt received a $15,000 increase from $450,000 to $465,000. Ms. Consylman s base salary, reviewed and approved by the compensation and HR committee in November 2017, remained $415,000 for 2018 due to the substantial completion of calendar year 2017 at the time of her promotion.

Bonus

In January 2018, our compensation and HR committee reviewed and approved the following bonuses for 2017 performance for our named executive officers other than Dr. Hecht: Ms. Consylman $185,000, Dr. Currie $210,000, Ms. Gilbert $195,000 and Mr. McCourt $191,000. Seventy percent of such bonus amounts for Ms. Consylman, Dr. Currie, Ms. Gilbert and Mr. McCourt was tied solely to the achievement of 84% of our corporate goals (as described above), and 30% of such amounts was tied to corporate and individual goal achievement. Each of Ms. Consylman, Dr. Currie, Ms. Gilbert and Mr. McCourt met or exceeded all or substantially all of their respective individual goals for 2017. Mr. Graney did not receive a bonus for 2017 performance because he departed from Ironwood in September 2017.

Annual Equity Awards

Our compensation and HR committee has set the equity pool each year based on achievement of our corporate goals. Individual equity award amounts are then determined based on peer group and market data, and our compensation and HR committee has adjusted these amounts after considering relative company performance and, in the case of our executive officers other than Dr. Hecht, individual performance.

Our compensation and HR committee determined that we achieved 123% of our 2016 corporate goals. Ms. Consylman, Dr. Currie, Ms. Gilbert, Mr. McCourt and Mr. Graney met or exceeded all or substantially all of their respective individual goals in 2016. Accordingly, in January 2017, each of our named executive officers other than Dr. Hecht was awarded the following stock option and RSU awards for Class A common stock based on performance during 2016:

Executive Officer*	**2017 Annual Stock Option Grant for 2016 Performance (# of Shares of Class A**	**2017 Annual RSU Grant for 2016 Performance (# of Shares of Class A**

	Common Stock Subject to Stock Options)	Common Stock Subject to RSUs)
Gina Consylman		26,250*
Mark G. Currie, Ph.D.	250,000	
Halley E. Gilbert	80,000	40,000
Thomas A. McCourt	157,500	26,250
Tom Graney	127,500	21,250

* Ms. Consylman became chief financial officer of the company in November 2017, and her annual equity award in 2017 for 2016 performance reflected her prior role as Vice President of Finance and Chief Accounting Officer.

These stock options and RSUs were granted on February 27, 2017 under our 2010 Plan. The stock options have an exercise price of $16.77 per share (the closing price of our Class A common stock on the NASDAQ Global Select Market on

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the grant date).

Our compensation and HR committee determined that we achieved 84% of our 2017 corporate goals. Ms. Consylman, Dr. Currie, Ms. Gilbert and Mr. McCourt met or exceeded all or substantially all of their respective individual goals in 2017. Accordingly, in February 2018, each of our named executive officers other than Dr. Hecht was awarded the following stock option and RSU awards for Class A common stock based on performance during 2017:

Executive Officer*	2018 Annual Stock Option Grant for 2017 Performance (# of Shares of Class A Common Stock Subject to Stock Options)	2018 Annual RSU Grant for 2017 Performance (# of Shares of Class A Common Stock Subject to RSUs)
Gina Consylman	60,000	30,000
Mark G. Currie, Ph.D.	215,000	
Halley E. Gilbert	70,000	35,000
Thomas A. McCourt	131,250	21,875

*Mr. Graney did not receive an annual equity award in 2018 because he departed from Ironwood in September 2017.

These stock options and RSUs were granted on February 21, 2018 under our 2010 Plan. The stock options have an exercise price of $14.55 per share (the closing price of our Class A common stock on the NASDAQ Global Select Market on the grant date).

In addition, in connection with Ms. Consylman s promotion to chief financial officer in November 2017, Ms. Consylman received an additional grant of 15,000 stock options and 7,500 RSUs, each for shares of our Class A common stock under our 2010 Plan, on January 2, 2018. Subject to Ms. Consylman s continued employment with the company, (i) such stock options will vest over four years as to 1/48th of the total shares on each monthly anniversary of Ms. Consylman s promotion, and (ii) such RSUs will vest as to 25% of the shares on each approximate anniversary of the grant.

Other Compensation

We maintain broad-based benefits, such as health and welfare benefits, transportation and fitness stipends and a 401(k) plan with a 75% matching company contribution on the first $8,000 of an employee s annual contribution, that are provided to all employees. We also maintain a relocation program under which we make certain benefits available to newly hired and existing employees, including executive officers, who are relocating to accept a new position with Ironwood. Under our relocation program, participants are required to pay back the full amount of all relocation benefits in connection with their departure from Ironwood in certain circumstances.

Elements of Executive Compensation and Determination of Amounts

Base Salary

Base salaries serve to provide our executive officers with a stable source of income. They are determined at commencement of employment and are generally re-evaluated annually and adjusted, if warranted, to realign salaries with market levels and to reflect the performance of the executive officer. In determining whether to adjust an executive officer s base salary, our compensation and HR committee takes into consideration factors such as our performance in prior years, general economic factors and compensation parity among our executive officers, as well as the abilities, performance and experience of our executive officers. Our compensation and HR committee also reviews our executive officers past compensation at Ironwood and market data.

Annual Bonus

Our cash bonus program is designed to reward the achievement of our annual corporate goals and, in the case of our executive officers other than Dr. Hecht, individual goals. The program is also intended to foster and support our

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performance-driven culture by setting clear, high-value goals, rewarding outstanding performers, and making sure our employees know clearly that we value their contributions. Each cash bonus award is made annually, and is based on whether and to what extent we achieved our corporate goals for the preceding year as well as the employee s individual performance in that year against his or her individual goals. In 2017, and consistent with 2016, each of our executive officers had an individual bonus target of 50% of his or her base salary. We believe that these target bonus percentages align the compensation of our executive officers with that of our peers, place appropriate emphasis on achievement of our annual performance objectives and facilitate both recruiting and motivating our executive officers.

Additionally, for each of our executive officers other than Dr. Hecht, 70% of each cash bonus award paid in 2018 for 2017 performance was based solely on the achievement of our corporate goals and 30% was based on the achievement of our corporate goals and our executive officers individual goals. Therefore, to calculate the bonus amount payable, the bonus target was multiplied by the company performance achievement multiplier, and 30% of that figure was further modified by multiplying such amount by the executive officers individual performance achievement multiplier. This approach was intended to closely align cash bonus awards to the achievement of our corporate goals, while taking into account individual performance and providing structure and clarity to the calculation of our executive bonuses. As in 2016, in 2017 the company performance achievement multiplier was between 0% and 150% and the individual performance achievement multiplier was between 0% and 200%. The following summarizes the calculation of our executive officers cash bonus awards paid in 2018 for 2017 performance, other than Dr. Hecht:

50% Bonus Target × Company Performance Achievement Multiplier × 70% Weighting	+	50% Bonus Target × Company Performance Achievement Multiplier × Individual Performance Achievement Multiplier × 30% Weighting	=	Actual Bonus Payout

Equity-Based Compensation

We use equity awards as our incentive vehicle for long-term compensation to attract, reward and motivate our executive officers in a manner that best aligns their interests with our stockholders interests. We believe that equity awards are an effective tool for meeting our compensation goal of increasing long-term stockholder value by tying the value of this compensation to our future performance. By linking the ultimate value of the award to the performance of our stock price, we believe equity awards strongly reinforce the concept of pay for performance. Our equity awards, in the form of stock options and RSUs, generally have either long-term vesting schedules, typically over four years, or vest upon the achievement of major value-creating milestones. If an employee leaves the company before the completion of the vesting period or the achievement of the milestone, as applicable, then that employee generally does not receive any benefit from the non-vested portion of his or her award. Because employees are able to profit from stock options only if our stock price increases relative to the stock option s exercise price, we believe that stock options provide strong incentives to employees to increase the value of our stock over time. While stock options continue to represent a significant percentage of our equity awards, our compensation and HR committee believes that offering a portfolio of equity instruments that includes both stock options and RSUs is important to attract top talent to our commercial-stage biotechnology company, to foster our performance-driven culture aimed at setting and achieving high-value, aggressive goals and to best align our employees actions and motivations with the interests of our stockholders.

We do not currently have any security ownership requirements for our executive officers. In addition, we have never had a program or policy in place to coordinate equity grants with the release of material non-public information. However, as part of our insider trading prevention policy, our executive officers are prohibited from engaging in any hedging or monetization transactions of our common stock, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds.

Initial Equity Awards

We make an initial equity award to all new employees, including our executive officers, in connection with the commencement of their employment. These initial grants are intended to provide the employee with the incentive to build value in the organization over an extended period of time and to maintain competitive levels of total compensation. In 2017,

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and consistent with recent prior years, these initial grants were in the form of stock options and RSUs, with stock options continuing to make up a significant percentage of such grants. Since our IPO in February 2010, these awards were for shares of our Class A common stock, and awards made prior to our IPO were for shares of our Class B common stock. Such stock options have an exercise price equal to the fair market value of our common stock on the grant date and typically vest over four years as to 25% of the shares on the first anniversary of the date of hire and as to 1/48th of the total shares each month thereafter for the next 36 months. Such RSUs typically vest over four years as to 25% on each approximate anniversary of the date of grant.

Annual Equity Awards

Our practice is to make annual equity awards to all employees, including our named executive officers, as part of our annual compensation program, and historically we have granted such awards in February or March of each year based on our performance in the prior year. Our named executive officers have a choice of the mix for their annual equity awards and can select from the following choices: 100% stock options, 75% stock options and 25% RSUs or 50% stock options and 50% RSUs, with the balance of our employees being provided this or greater equity choice. We believe this equity choice model allows our employees to balance the overall risk profile of their annual equity grants by providing them with the opportunity to diversify their portfolio of equity awards, and also keeps our compensation practices competitive with our peers with whom we compete for talent, while continuing to align the interests of our employees with those of our stockholders. Since our IPO in February 2010, these grants were for shares of our Class A common stock, and awards made prior to our IPO were for shares of our Class B common stock. Such stock option grants have an exercise price equal to the fair market value of our common stock on the grant date and typically vest over four years as to 1/48th of the award on each monthly anniversary of the vesting commencement date, which is January 1 of the applicable year. Such RSUs typically vest over four years as to 25% on each approximate anniversary of the date of grant.

Our compensation and HR committee does not apply a rigid formula in allocating equity awards to our executive officers as a group or to any particular executive officer, but does emphasize the achievement of corporate goals in determining each annual performance award for our named executive officers, other than Dr. Hecht. Substantially all of Dr. Hecht s annual performance award is based on the achievement of our corporate goals. In addition, our compensation and HR committee leverages its experience, exercising its judgment and discretion, and considers, among other things, the role and responsibility of the named executive officer, the named executive officer s performance, competitive factors, input from PM and market data, the amount of stock-based equity compensation already held by the named executive officer, the mix of total direct compensation received by the named executive officer and the total number of awards to be made to all participants during the year. Based upon these factors, our compensation and HR committee determines the size of the long-term equity incentives at levels it considers appropriate to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value. Throughout the year, our compensation and HR committee may award additional grants as circumstances warrant.

Milestone-Based Equity Awards

Our named executive officers and a number of our employees have a portion of their incentive compensation in periodic grants of milestone-based equity awards that vest upon the achievement of major value-creating events which may occur many years from the date of grant. We believe milestone-based equity awards align our employees with our stockholders best interests and motivate our employees to apply their best efforts toward the accomplishment of these long-term value-creating events.

Severance or Change of Control Arrangements

Our board, through our compensation and HR committee, periodically assesses our executive severance and change of control arrangements to, among other things, ensure that such benefits are competitive with those of our peers. As approved by our compensation and HR committee, we have entered into severance arrangements with each of our executive officers. We believe these arrangements serve to better align our executive severance practices with those of our peers, which is particularly important as we seek out top talent from companies like our peers and to foster our performance-driven culture aimed at setting and achieving high-value, aggressive goals. Our executive severance arrangements and change of control plan are described in more detail below.

Executive Severance Arrangements

We have entered into severance arrangements with each of our executive officers. Under the severance

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arrangements, our executive officers are eligible to receive certain benefits in the event of an involuntary termination without cause or a constructive termination (each as defined below under the caption *Potential Payments Upon Termination or Change of Control Executive Severance Arrangements*), including an amount equal to his or her base salary and target bonus for the current year, a pro rata amount of his or her target bonus for the current year (pro-rated based on the percentage of the year worked prior to the triggering event), his or her actual bonus for the prior year if not yet paid and 12 months of benefit continuation. These benefits are only payable if the executive officer has complied with all of our rules and policies, executed a separation agreement that includes a release of claims and complies with his or her post-employment obligations of non-disclosure, non-competition and non-solicitation to Ironwood. If the triggering event occurs in connection with a change of control of Ironwood, the severance arrangements provide that the executive officer will be entitled to receive the greater of the benefits under his or her severance arrangement and the benefits under the change of control plan in effect at the time of such termination, on a payment-by-payment and benefit-by-benefit basis. The severance arrangements further provide that in connection with the sale of all or substantially all of the assets of Ironwood we will cause the acquirer of such assets to assume the arrangements.

We believe that offering our executive officers these payments and benefits facilitates the operation of our business, allows them to better focus their time, attention and capabilities on our business, assists us in recruiting and motivating key executive officers, and provides for a clear and consistent approach to managing involuntary departures with mutually understood separation benefits. A further description of the severance arrangements is set forth below under the caption *Potential Payments Upon Termination or Change of Control Executive Severance Arrangements*.

Change of Control Severance Benefit Plan

We have a change of control plan that applies to all of our employees regardless of title or role, including our executive officers, and provides for certain payments and benefits in connection with or following a termination of employment associated with a change of control (as defined below under the caption *Potential Payments Upon Termination or Change of Control Change of Control Severance Benefit Plan*). We maintain this change of control plan on the premise that innovative ideas and the associated intellectual property generated from these ideas are the basis upon which economic value is created in the biopharmaceutical industry and that our employees are the source of these value-creating ideas. The potential for a change of control or other event that could substantially change the nature and structure of Ironwood could therefore adversely affect our ability to recruit and motivate employees. The change of control plan is designed to encourage employees to bring forward their best ideas by providing them with the knowledge that if a change of control occurs, and their employment is terminated as a result thereof, they will have an opportunity to share in the value that they helped create for our stockholders, regardless of their employment status at Ironwood after the change of control. The key goals of our change of control plan are to recognize the value of employees contributions to us through the acceleration of equity awards solely with time-based vesting, and to ensure employees have a reasonable period of time within which to locate suitable employment without undue financial hardship. We believe that our change of control plan is a positive recruitment tool in attracting top talent to Ironwood and enhances our ability to recruit and motivate management-level employees.

A further description of the change of control plan and the potential payments to our named executive officers pursuant to the plan is set forth below under the captions *Potential Payments Upon Termination or Change of Control Change of Control Severance Benefit Plan* and *Potential Payments Upon Termination or Change of Control*.

Other Compensation

We maintain broad-based benefits that are provided to all employees, including health insurance, life and disability insurance, dental insurance, fitness and transportation stipends, and a 401(k) plan with a 75% matching company contribution on the first $8,000 of an employee s annual contribution.

We also maintain a relocation program under which we make certain benefits available to newly hired and existing employees, including executive officers, who are relocating to accept a new position with Ironwood. Our relocation program covers reasonable expenses associated with the move and certain relocation services, including, as applicable, temporary housing assistance payments and a lump sum relocation allowance, departure home sale assistance, rental assistance, new home search assistance, home purchase assistance, moving of household goods and vehicles assistance, and reimbursement of final trip expenses to the new area. We also provide tax assistance to our relocating employees to cover the costs associated with certain non-deductible relocation expenses, as we believe that this benefit is important to our ability to attract and motivate employees. Under our relocation program, participants are required to pay back the full amount of all relocation reimbursements in the event that they voluntarily terminate their employment or are terminated for cause within 12 months

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following the payment date of their last relocation reimbursement.

Other than our broad-based benefits, or as otherwise described herein, none of our named executive officers receive perquisites of any nature.

Tax and Accounting Considerations

While our compensation and HR committee generally considers the tax and accounting implications of its executive compensation decisions, neither element was a material consideration in the compensation awarded to our named executive officers in 2017.

Compensation Practices and Risk

Our compensation and HR committee has reviewed our compensation policies as generally applicable to our employees and believes that our policies do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on Ironwood. In making this determination, our compensation and HR committee considered the following:

- our use of different types of compensation vehicles provides a balance of long- and short-term incentives with fixed and variable components;

- we grant equity-based awards with time-based vesting and milestone-based vesting, both of which encourage participants to look to long-term appreciation in equity values;

- our annual bonus determinations for each employee are dependent on achievement of company goals, which we believe promote long-term value; and

- our system of internal control over financial reporting and code of business conduct and ethics, among other things, reduce the likelihood of manipulation of our financial performance to enhance payments under any of our incentive plans.

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Summary Compensation Table

The following table sets forth information regarding the compensation paid or accrued to, or earned by, each of our named executive officers during the years ended December 31, 2017, 2016 and 2015.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
Peter M. Hecht, Ph.D.	2017	100,000		5,887,416		8,040	5,995,456
Chief Executive Officer	2016	100,000		4,135,830		8,065	4,243,895
	2015	100,000		4,017,546		7,440	4,124,986
Gina Consylman*	2017	334,263(4)	440,213		185,000	8,040	967,516
Chief Financial Officer and Senior Vice	2016						
President	2015						
Mark G. Currie, Ph.D.	2017	470,000		1,936,650	210,000	8,040	2,624,690
Senior Vice President, Chief Scientific Officer	2016	454,000		1,092,045	301,000	8,040	1,855,085
and President of R&D	2015	440,000	341,688	1,380,394	255,200	7,440	2,424,722
Halley E. Gilbert	2017	440,000	670,800	619,728	195,000	8,040	1,933,568
Senior Vice President, Chief Legal Officer and	2016	423,000	332,800	302,055	280,000	8,040	1,345,895
Secretary	2015	410,000	499,075	408,865	225,500	7,440	1,550,880
Thomas A. McCourt	2017	450,000	440,213	1,220,090	191,000	8,040	2,309,343
Senior Vice President, Marketing and Sales and	2016	435,000		813,225	288,000	8,040	1,544,265
ChiefCommercial Officer	2015	420,000	253,825	693,293	243,600	7,440	1,618,158
Tom Graney*	2017	310,890	356,363	987,692		30,050	1,684,995
Former Chief Financial Officer and Senior Vice	2016	435,000	179,200	487,935	257,000	145,577	1,504,712
President, Finance and Corporate Strategy	2015	420,000	89,034	242,475	231,000	113,880	1,096,389

* Mr. Graney departed from Ironwood on September 13, 2017. Ms. Consylman, became our chief financial officer effective November 27, 2017. Ms. Consylman was previously our interim chief financial officer from September 13, 2017 through November 26, 2017.

(1) For 2017, reflects the fair value of time-based RSU and stock option awards on the date of grant calculated in accordance with Financial Accounting Standards Board issued Accounting Standards Codification 718, *Compensation Stock Compensation*, or ASC 718. For a discussion of the assumptions used in the valuation of

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awards made in 2017, see Note 15 to our consolidated financial statements for the year ended December 31, 2017 included in the Original Report. All values reported exclude the effects of potential forfeitures.

For Ms. Consylman, reflects an RSU award granted as an annual performance award for her performance as Vice President of Finance and Chief Accounting Officer.

(2) Consists of payments made under our annual cash bonus program in the following year for performance in the identified year, as described above under the caption *Compensation Actions in 2017 and 2018*.

(3) For each executive officer, $6,000 of such amount consists of matching contributions made under our 401(k) plan, as well as an amount attributable to a transportation stipend and a fitness stipend. For Mr. Graney, such amount for 2017 also includes $22,481 for unused and accrued vacation time paid in connection with his departure from Ironwood in September 2017. Pursuant to our relocation program, Mr. Graney paid back to Ironwood $50,000 of relocation reimbursements in connection with his departure, which is not reflected as a deduction in the table above.

(4) Reflects Ms. Consylman s pro-rated salary of $325,700 for the period from January 1, 2017 through November 26, 2017 and her pro-rated salary of $415,000 for the period from November 27, 2017 through December 31, 2017.

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Grants of Plan-Based Awards

The following table sets forth information regarding non-equity and equity awards granted to each of our named executive officers during the year ended December 31, 2017. All non-equity incentive plan awards were made pursuant to our cash bonus program described in more detail above under the caption *Elements of Executive Compensation and Determination of Amounts Annual Bonus*. We granted RSUs and stock option awards to our named executive officers in 2017 in recognition of performance in 2016. All RSUs granted in 2017 represented the right to receive shares of our Class A common stock and all stock options granted in 2017 consisted of options to purchase shares of our Class A common stock with an exercise price equal to the fair market value of our Class A common stock on the date of grant. All such equity awards were granted under our 2010 Plan. The vesting schedule of each RSU and each option included in the following table is described in the footnotes to the *Outstanding Equity Awards at Fiscal Year-End* table.

Name	Grant Date	Compensation and HR Committee Approval Date (if different than Grant Date)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Target ($)	All Other Stock Awards: Number of Shares of Stock or Units(#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(2)
Peter M. Hecht, Ph.D.	2/27/2017	1/25/2017			760,000	16.77	5,887,416
			50,000				
Gina Consylman	2/27/2017	1/25/2017		26,250(3)			440,213
			207,500				
Mark G. Currie, Ph.D.	2/27/2017	1/25/2017			250,000	16.77	1,936,650
			235,000				
Halley E. Gilbert	2/27/2017	1/25/2017			80,000	16.77	619,728
	2/27/2017	1/25/2017		40,000			670,800
			220,000				
Thomas A. McCourt	2/27/2017	1/25/2017			157,500	16.77	1,220,090
	2/27/2017	1/25/2017		26,250			440,213
			225,000				
Tom Graney	2/27/2017	1/25/2017			127,500	16.77	987,692
	2/27/2017	1/25/2017		21,250			356,363
			222,500				

(1) Consists of the target cash bonus payment for 2017 performance under our cash bonus program. As described in more detail above under the caption *Elements of Executive Compensation and Determination of Amounts Annual Bonus*, in 2017 each of our named executive officers, other than Dr. Hecht, had an individual bonus target of 50% of his or her base salary, 70% of which was tied solely to the achievement of our corporate goals for 2017 (which was not determined as of December 31, 2017) and 30% of which was tied to the achievement of corporate and individual performance goals (the range of which was not determined as of December 31, 2017). Dr. Hecht s bonus, with an individual bonus target of 50% of his base salary, was to be determined based on the achievement of our corporate

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goals. Actual bonus payments for 2017 performance are set forth in the *Summary Compensation Table* above.

(2) Reflects the fair value of time-based RSU and stock option awards on the date of grant calculated in accordance with ASC 718.

For a discussion of the assumptions used in the valuation of the time-based RSU awards and stock option awards granted to our named executive officers in 2017, see footnote 2 to the *Summary Compensation Table* above.

(3) Reflects an RSU award granted as an annual performance award for Ms. Consylman s performance as Vice President of Finance and Chief Accounting Officer.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding equity awards held by each of our named executive officers on December 31, 2017 the last day of our last fiscal year.

	Option Awards						Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option to Purchase Class Common Stock**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)(1)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(2)**
Peter M. Hecht, Ph.D.	110,000			4.89	B	2/11/2019(3)		
	20,000		20,000	5.48	B	7/28/2019(4)		
	125,000			11.25	A	2/2/2020(3)		
	175,000			11.11	A	2/1/2021(3)		
	300,000			14.72	A	2/1/2022(3)		
	375,000			13.08	A	2/1/2023(3)		
	318,229	6,771		14.11	A	3/3/2024(5)		
	411,979	153,021		15.62	A	3/16/2025(5)		
	426,458	463,542		10.24	A	3/1/2026(5)		
	174,166	585,834		16.77	A	2/27/2027(5)		
Gina Consylman	35,000	5,000		15.48	A	7/01/2024(6)		
	6,197	2,303		15.62	A	3/16/2025(5)		
	2,812	2,188		11.45	A	9/16/2025(5)		
	14,375	15,626		10.24	A	3/1/2026(5)		

							48,749	730,748
Mark G. Currie, Ph.D.	60,000			3.76	B	1/31/2018(3)		
	50,000			4.89	B	2/11/2019(7)		
	125,000			4.89	B	2/11/2019(3)		
	20,000		20,000	5.48	B	7/28/2019(4)		
	90,000			11.25	A	2/2/2020(3)		
	110,000			11.11	A	2/1/2021(3)		
	110,000			14.72	A	2/1/2022(3)		
	200,000			13.08	A	2/1/2023(3)		
	83,229	1,771		14.11	A	3/3/2024(5)		
	95,702	35,548		15.62	A	3/16/2025(5)		
	25,000		25,000	15.62	A	3/16/2025(8)		
	112,604	122,396		10.24	A	3/1/2026(5)		
	57,291	192,709		16.77	A	2/27/2027(5)		
							10,937	163,946
Halley E. Gilbert	50,000			4.89	B	2/11/2019(3)		
	20,000		20,000	5.48	B	7/28/2019(4)		
	60,000			11.25	A	2/2/2020(3)		
	60,000			11.11	A	2/1/2021(3)		
	30,000			11.83	A	12/12/2021(3)		
	45,000			14.72	A	2/1/2022(3)		
	30,000			13.08	A	2/1/2023(3)		
	25,000			11.51	A	12/2/2023(3)		
	63,646	1,354		14.11	A	3/3/2024(5)		
	41,927	15,573		15.62	A	3/16/2025(5)		
	31,145	33,855		10.24	A	3/1/2026(5)		
	18,333	61,667		16.77	A	2/27/2027(5)		
							78,749	1,180,448
Thomas A. McCourt	130,000			5.48	B	9/7/2019(6)		
	120,000		40,000	5.48	B	9/7/2019(9)		
	20,000			11.25	A	2/2/2020(3)		
	95,000			11.11	A			