

IRONWOOD PHARMACEUTICALS INC
Form DEFC14A
May 02, 2018

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

IRONWOOD PHARMACEUTICALS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: IRONWOOD PHARMACEUTICALS INC - Form DEFC14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

301 Binney Street
Cambridge, Massachusetts 02142

**NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS OF
IRONWOOD PHARMACEUTICALS, INC.**

Date: Thursday, May 31, 2018

Time: 9:00 a.m. Eastern Time

Place: Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142

Purpose: We are holding the annual meeting for stockholders to consider the following proposals:

1. To elect our Class II directors, Lawrence S. Olanoff, Douglas E. Williams and Amy W. Schulman, each for a three-year term;
2. To hold an advisory vote on named executive officer compensation;
3. To ratify our audit committee's selection of Ernst & Young LLP as our auditors for 2018; and
4. To hold a vote on a proposal submitted by Sarissa Capital Offshore Master Fund LP, which we refer to, together with its affiliates, as Sarissa, to repeal any provisions of our bylaws not included in the bylaws publicly filed as of March 27, 2018, if properly introduced at the annual meeting.

We will also consider action on any other matter that may be properly brought before the meeting or any postponement(s) or adjournment(s) thereof.

Our board of directors recommends you vote "for" each of the nominees for Class II director (proposal no. 1), "for" on an advisory vote on named executive officer compensation (proposal no. 2), "for" ratification of our selection of auditors (proposal no. 3), and "against" the proposal submitted by Sarissa (proposal no. 4). Only stockholders of record at the close of business on April 6, 2018 are entitled to notice of and to vote at the meeting.

Please note that Sarissa has provided notice to the company of its intention to nominate an individual, or the Sarissa nominee, for election as director at the annual meeting in opposition to the nominees proposed by our board of directors. You may receive solicitation materials from Sarissa, including proxy statements and proxy cards. We are not responsible for the accuracy of any information provided by or relating to Sarissa or its nominee contained in solicitation materials filed or disseminated by or on behalf of Sarissa or any other statements Sarissa or its representatives may make.

Our board of directors unanimously recommends that you vote FOR the election of each of the nominees proposed by our board of directors. Our board of directors does NOT endorse the Sarissa nominee and recommends that you vote AGAINST the proposal submitted by Sarissa. Our board of directors strongly urges you not to sign or return any proxy card sent to you by Sarissa. If you have previously submitted a proxy card sent to you by Sarissa, you can revoke that proxy and vote for our board's nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card.

Table of Contents

It is extremely important that your shares be represented and voted at the annual meeting. **Whether or not you plan to attend the annual meeting, please vote as soon as possible. You are urged to date, sign and return the WHITE proxy card in the envelope provided to you, or to use the telephone or internet method of voting described on your WHITE proxy card, even if you plan to attend the annual meeting, so that your shares can be voted regardless of whether you attend the annual meeting. Voting now will not limit your right to change your vote or to attend the annual meeting.** If you should be present at the meeting and desire to vote in person, you may withdraw your proxy at such time. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you received from the holder of record in order to vote your shares.

If you have any questions regarding this information or the proxy materials, please contact MacKenzie Partners, Inc., or MacKenzie Partners, our proxy solicitor assisting us in connection with the annual meeting, toll-free at (800) 322-2885 or at (212) 929-5500 or via email to proxy@mackenziepartners.com.

Proxy Material Mailing Date:

Sincerely,

May 2, 2018

Senior Vice President, Chief Legal Officer, and Secretary

Table of Contents

TABLE OF CONTENTS

<u>General Information</u>	<u>1</u>
<u>Security Ownership of Certain Beneficial Owners and Management</u>	<u>6</u>
<u>Certain Relationships and Related Transactions</u>	<u>10</u>
<u>Directors and Corporate Governance</u>	<u>10</u>
<u>Background of the Solicitation</u>	<u>22</u>
<u>Proposal No. 1 Election of Directors</u>	<u>24</u>
<u>Executive and Director Compensation</u>	<u>25</u>
<u>Proposal No. 2 Advisory Vote on Named Executive Officer Compensation</u>	<u>58</u>
<u>Proposal No. 3 Ratification of our Selection of Auditors</u>	<u>59</u>
<u>Proposal No. 4 Stockholder Proposal</u>	<u>61</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>62</u>
<u>Stockholder Communications, Proposals and Nominations for Directorships</u>	<u>62</u>
<u>SEC Filings</u>	<u>62</u>
<u>Annex A: Supplemental Information Regarding Participants</u>	<u>A-1</u>

Table of Contents

301 Binney Street
Cambridge, Massachusetts 02142

PROXY STATEMENT FOR 2018 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

Our board of directors is soliciting proxies on the **WHITE** proxy card for the 2018 annual meeting of stockholders. This proxy statement explains the agenda, voting information and procedures for the meeting. Please read it carefully. This proxy statement and accompanying **WHITE** proxy card are first being mailed to the stockholders on or about May 2, 2018. All stockholders will also have the ability to access the proxy materials online through the Investors section of our website at www.ironwoodpharma.com, under the heading Featured Reports.

In this proxy statement, references to "the company" or "Ironwood" and, except within the Audit Committee Report and the Compensation Committee Report, references to "we", "us" or "our" mean Ironwood Pharmaceuticals, Inc. LINZESS® is a trademark of Ironwood Pharmaceuticals, Inc. ZURAMPIC® and DUZALLO® are trademarks of AstraZeneca AB. Any other trademarks referred to in this proxy statement are the property of their respective owners. All rights reserved.

The contents of our website are not incorporated into this document and you should not consider information provided on our website to be part of this document.

Who can vote. Only stockholders of record of either of our two series of common stock, our Class A common stock and our Class B common stock, at the close of business on April 6, 2018 can vote at the meeting.

Quorum. In order to hold and complete the business of the annual meeting, we must have a majority of the votes entitled to be cast represented in person or by proxy at the meeting. On our record date, April 6, 2018, we had 151,618,506 shares of our common stock outstanding and entitled to vote (137,620,349 shares of our Class A common stock and 13,998,157 shares of our Class B common stock).

With respect to all matters that will come before the meeting, each share is entitled to one vote, and holders of shares of our Class A common stock and of our Class B common stock will vote together as a single class.

Opposing Board nominee. Sarissa Capital Offshore Master Fund LP and its affiliates, which we collectively refer to as Sarissa, are company stockholders that are reported to beneficially own approximately 2.2% of our common stock as of March 28, 2018. Sarissa has notified the company of its intention to nominate an individual for election as director at the annual meeting in opposition to the nominees recommended by our board of directors. Our board of directors unanimously recommends that you vote **FOR** the election of each of the nominees proposed by our board of directors. Our board of directors does **NOT** endorse the Sarissa nominee and strongly urges you **NOT** to sign or return any proxy card sent to you by Sarissa. If you have previously submitted a proxy card sent to you by Sarissa, you can revoke that proxy and vote for our board's nominees and on the other matters to be voted on at the meeting by using the enclosed **WHITE** proxy card.

Table of Contents

Voting procedures stockholders of record and beneficial owners. You are a stockholder of record if your shares of our stock are registered directly in your own name with our transfer agent, Computershare Trust Company, N.A., or Computershare. You are a beneficial owner if a brokerage firm, bank, trustee or other agent, called a "nominee", holds your stock. This is often called ownership in "street name" because your name does not appear in the records of Computershare. If you hold your shares in street name, you should receive a **WHITE** voting instruction form from your broker nominee.

How to vote your shares.

It is important that your shares be represented and voted at the annual meeting. **Whether or not you plan to attend the annual meeting, please vote as soon as possible. You are urged to date, sign and return the WHITE proxy card in the envelope provided to you, or to use the telephone or internet method of voting described below and on your proxy card, even if you plan to attend the annual meeting, so that your shares can be voted regardless of whether you attend the annual meeting. Voting now will not limit your right to change your vote or to attend the annual meeting.** If you should be present at the meeting and desire to vote in person, you may withdraw your proxy at such time.

If you are a stockholder of record, there are four ways to vote:

In Person. You may vote in person at the annual meeting. We will give you a ballot when you arrive.

Via the Internet. You may vote by proxy via the internet by following the instructions provided on the **WHITE** proxy card. You must have the control number that is on the **WHITE** proxy card when voting.

By Telephone. If you live in the United States or Canada, you may vote by proxy by calling the toll-free number found on the **WHITE** proxy card. You must have the control number that is on the **WHITE** proxy card when voting.

By Mail. You may vote by proxy by filling out the **WHITE** proxy card and sending it back in the envelope provided.

If you are a beneficial owner of shares held in street name, there are four ways to provide voting instructions:

In Person. If you wish to vote in person at the annual meeting, you must obtain a legal proxy from the nominee that holds your shares. Please contact that nominee for instructions regarding obtaining a legal proxy.

Via the Internet. You may provide voting instructions via the internet by following the instructions provided on your **WHITE** voting instruction form. You must have the control number that is on the **WHITE** voting instruction form.

By Telephone. You may provide voting instructions by calling the toll-free number found on your **WHITE** voting instruction form. You must have the control number that is on the **WHITE** voting instruction form.

By Mail. You may provide voting instructions by filling out the **WHITE** voting instruction form and sending it back in the envelope provided.

How you may revoke your proxy or voting instructions. If you are a stockholder of record, you may revoke or amend your proxy before it is voted at the annual meeting by writing to us directly in a timely manner "revoking" your earlier proxy, submitting a new proxy in a timely manner with a later date by mail, over the telephone or on the internet, or by attending the meeting and voting in person. Your last dated proxy timely received prior to or vote cast at the annual meeting will be counted. If

Table of Contents

you have previously signed a proxy card sent to you by Sarissa or otherwise voted according to instructions provided by Sarissa, you may change your vote by submitting a new proxy. Submitting a proxy card sent to you by Sarissa even if you "withhold" your vote on the Sarissa nominee will revoke votes you have previously made by the company's **WHITE** proxy card. Accordingly, if you wish to vote pursuant to the recommendation of our board of directors, you should disregard and not return any proxy card that you may receive from Sarissa. If you hold your shares in street name, you must follow the instructions on your **WHITE** voting instruction form to revoke or amend any prior voting instructions.

What if you receive more than one proxy card or voting instruction form? If you received more than one **WHITE** proxy card or **WHITE** voting instruction form, this means that you may have more than one account at Computershare and/or with a nominee. Your **WHITE** proxy card or **WHITE** voting instruction form lists the number of shares you are voting. Please vote all **WHITE** proxy cards and **WHITE** voting instruction forms that you receive.

We recommend you consolidate your holdings under the same name, address and tax identification number, if possible. This will eliminate some duplication of mailings and reduce costs. Please contact your nominee to consolidate accounts, or our transfer agent, Computershare, at (800) 662-7232, as applicable.

Additionally, please note that Sarissa has stated its intention to nominate an individual for election as director at the annual meeting and present a proposal calling for the repeal of any provision of our bylaws not included in the bylaws publicly filed with the Securities and Exchange Commission, the SEC, on or prior to March 27, 2018, or the Sarissa proposal. If Sarissa proceeds with its director nomination and the Sarissa proposal, you may receive proxy solicitation materials from Sarissa, including an opposition proxy statement and a proxy card. Our board of directors strongly recommends that you disregard and do not return any proxy card you receive from Sarissa. Voting to "withhold" with respect to the Sarissa nominee on the proxy card sent to you by Sarissa is not the same as voting for our board of directors' nominees because such a vote would revoke any **WHITE** proxy card you previously submitted.

If you have already voted using Sarissa's proxy card, you have every right to change your vote and revoke your prior proxy by signing and dating the enclosed **WHITE** proxy card and returning it in the envelope provided or by voting via the Internet or by telephone by following the instructions provided on the enclosed **WHITE** proxy card or **WHITE** voting instruction form. Only the latest dated proxy you timely submit will be counted. If you have any questions or need assistance voting, please contact our proxy solicitor, MacKenzie Partners, toll-free at (800) 322-2885 or at (212) 929-5500 or via email to proxy@mackenziepartners.com.

Abstentions and "broker non-votes". If you are a stockholder of record and you vote "abstain" or "withhold" on any matter, your shares will not be voted on that matter and will not be counted as votes cast in the final tally of votes on that matter. However, your shares will be counted for purposes of determining whether a quorum is present. If you are a beneficial owner holding through a broker nominee, you may instruct your broker nominee that you wish to abstain from voting on a proposal or withhold authority to vote for one or more nominees for director.

A broker nominee generally may not vote on "non-routine" matters without receiving your specific voting instructions. A "broker non-vote" occurs when a broker nominee holding shares in street name votes shares on some matters at the meeting but not others. Like abstentions, broker non-votes are counted as present and entitled to vote for quorum purposes, but are not counted as votes cast. At the annual meeting, your broker nominee will not be able to submit a vote on the election of directors, the advisory votes on named executive officer compensation or the Sarissa proposal unless it receives your specific instructions. If your broker nominee does not receive your specific instructions for these

Table of Contents

proposals, it will submit a broker non-vote if it has the discretion to vote, without instruction, on the selection of our independent auditors, as outlined below.

Although votes on the ratification of the selection of our independent auditors are normally considered "routine" matters such that broker nominees may vote without instructions from beneficial owners, to the extent that your broker nominee provides you with Sarissa's proxy materials, it will not be able to vote your shares without your specific instructions and there will be no broker non-votes at the annual meeting. To the extent that your broker nominee does not provide you with Sarissa's proxy materials, your broker nominee will be able to vote on the ratification of the selection of our independent auditors on the **WHITE** proxy card even if it does not receive your instructions.

Discretionary authority. If you are a stockholder of record and you properly submit your **WHITE** proxy card without making any specific selections, your shares will be voted on each matter before the annual meeting in the manner recommended by our board. If other matters not included in this proxy statement properly come before the annual meeting, the persons named on the **WHITE** proxy card, or otherwise designated, will have the authority to vote on those matters for you as they determine, to the extent permitted by Rule 14a-4(c)(1) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. If you are a beneficial owner of shares held in street name, please see the discussion above regarding broker non-votes and the rules related to voting broker nominees.

Vote required. The required vote for each of the proposals expected to be acted upon at the annual meeting is described below.

1. **Proposal No. 1 Election of Class II Directors:** the three nominees for director with the highest number of affirmative votes will be elected as directors to serve for three-year terms and until their successors are duly elected and qualified or until their death, resignation or removal. Because there is no minimum vote required, abstentions and broker non-votes, if any, will not affect the outcome of this proposal.
2. **Proposal No. 2 Advisory (non-binding) Vote on Named Executive Officer Compensation, or "Say-on-Pay":** because this proposal calls for a non-binding, advisory vote there is no "required vote" that would constitute approval. However, our board, including our compensation and HR committee, values the opinions of our stockholders and, to the extent there are a substantial number of votes cast against the named executive officer compensation disclosed in this proxy statement, we will consider our stockholders' concerns and evaluate what actions may be appropriate to address those concerns. Broker nominees do not have discretion to vote on this proposal without your instruction; if you do not instruct your broker nominee how to vote on this proposal, your broker nominee will deliver a broker non-vote. Any shares that are not voted, whether by abstention, broker non-votes, if any, or otherwise, will not affect the outcome of this proposal.
3. **Proposal No. 3 Ratification of Auditors:** the approval of this proposal requires a majority of the votes cast for or against the proposal. To the extent that a broker nominee provides you with Sarissa's proxy materials, such broker nominee would not have discretion to vote on this proposal; if you did not instruct your broker nominee how to vote on this proposal, your broker nominee would deliver a broker non-vote. To the extent that a broker nominee does not provide you with Sarissa's proxy materials, such broker nominee may vote on your behalf on the **WHITE** proxy card if you do not otherwise provide instructions. Abstentions and broker non-votes, if any, will not affect the outcome of this proposal.
4. **Proposal No. 4 Stockholder Proposal:** the approval of this proposal requires 80% of the votes entitled to be cast at the annual meeting. Abstentions and broker non-votes, if any, will have the same effect as a vote against this proposal.

Table of Contents

Results of the voting. The final voting results will be tallied by the inspector of election and, if available, published in a Current Report on Form 8-K, which we are required to file with the SEC within four business days following the annual meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the annual meeting, we intend to file a Form 8-K to report preliminary results, and to file an amendment to such Form 8-K to report the final results within four business days after the final results are known to us.

Costs of solicitation and solicitation participants. We will pay the costs of soliciting proxies on the **WHITE** proxy card. We will solicit proxies on the **WHITE** proxy card by email from stockholders who are our employees or who previously requested to receive proxy materials electronically. Our directors, our officers and our employees also may solicit proxies on our behalf, personally, electronically or by telephone, facsimile or mail or other means, without additional compensation. We may request that brokerage firms, banks and other agents forward proxy materials to beneficial owners and would reimburse such institutions for their out-of-pocket expenses incurred.

We may also utilize the assistance of third parties in connection with our proxy solicitation efforts, and we would compensate such third parties for their efforts. We have engaged one such third party, MacKenzie Partners, to assist in the solicitation of proxies and provide related advice and informational support, for services fees of up to \$470,000 and the reimbursement of certain expenses. MacKenzie Partners estimates that approximately 25 of its employees will assist in the company's proxy solicitation. Annex A sets forth information relating to our directors, including nominees for directors at the annual meeting, and certain of our officers and employees who are considered "participants" in our solicitation under the rules of the SEC by reason of their position as directors of the company, as nominees for directors or because they may be soliciting proxies on our behalf. Our expenses in connection with our solicitation of proxies, excluding salaries and wages of our officers and regular employees, are expected to aggregate to approximately \$3,800,000, of which approximately \$500,000 has been spent to date.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock at March 31, 2018 for:

each person whom we know beneficially owns more than five percent of our common stock;

each of our directors;

each of our named executive officers; and

all of our directors and executive officers as a group.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. Each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

The percentage of common stock beneficially owned by each person is based on 151,604,044 shares of common stock outstanding on March 31, 2018 (137,606,687 shares of Class A common stock and 13,997,357 shares of Class B common stock). Each share of Class B common stock is convertible at any time into one share of Class A common stock. Shares of common stock that may be acquired within 60 days following March 31, 2018 pursuant to the exercise of options or the vesting of restricted stock units, or RSUs, are included in the holdings of each stockholder, as applicable, and are deemed to be outstanding for the purpose of computing the percentage ownership of such holder. Such amounts, however, are not included in the holdings of any other stockholder in the table and are not deemed to be outstanding for computing the percentage ownership of any other holder shown in the table. Beneficial ownership representing less than one percent is denoted with an "*."

Edgar Filing: IRONWOOD PHARMACEUTICALS INC - Form DEFC14A

Table of Contents

Unless otherwise indicated, the address for each of the stockholders in the table below is c/o Ironwood Pharmaceuticals, Inc., 301 Binney Street, Cambridge, Massachusetts 02142.

Name of Beneficial Owner	Shares Beneficially Owned				
	Class A Common Stock		Class B Common Stock		% Total Voting Power(1)
	Shares	%	Shares	%	
Officers and Directors					
Peter M. Hecht(2)	2,591,665	1.8	4,826,917	34.2	4.8
Gina Consylman(3)	84,990	*			*
Mark G. Currie(4)	980,362	*	970,000	6.8	1.3
Halley E. Gilbert(5)	474,098	*	70,000	*	*
Thomas A. McCourt(6)	675,659	*	250,000	1.8	*
Tom Graney	25,126	*			*
Andrew Dreyfus	41,884	*			*
Marsha H. Fanucci	75,633	*	44,863	*	*
Terrance G. McGuire(7)	91,540	*	40,000	*	*
Julie H. McHugh	77,908	*			*
Lawrence S. Olanoff	29,330	*			*
Edward P. Owens	183,305	*			*
Amy W. Schulman	25,418	*			*
Douglas E. Williams	75,633	*			*
All executive officers and directors as a group (14 persons)(8)	5,407,425	3.8	6,201,780	42.4	7.4
5% Security Holders					
Wellington Management Group LLP(9)	18,957,167	13.8			12.5
T. Rowe Price(10)	18,924,414	13.8			12.5
FMR LLC (Fidelity)(11)	17,652,960	12.8			11.6
BlackRock, Inc.(12)	11,702,048	8.5			7.7
The Vanguard Group(13)	11,274,790	8.2			7.4
Janus Henderson Group plc(14)	8,309,638	6.0			5.5
UBS Group AG(15)	7,632,969	5.5			5.0

(1) Percentage total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class, on matters in which holders of our Class B common stock are entitled to one vote per share. Each share of Class A common stock and each share of Class B common stock has one vote per share, except (a) on the following matters (on which each share of Class A common stock has one vote per share and each share of Class B common stock has ten votes per share), if submitted to a vote of stockholders: (i) adoption of a merger or consolidation agreement involving Ironwood; (ii) a sale of all or substantially all of Ironwood's assets; or (iii) a dissolution or liquidation of Ironwood; and (b) on every matter if and when any individual, entity or "group" (as such term is used in Regulation 13D of the Exchange Act) has, or has publicly disclosed (through a press release or a filing with the SEC) an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of Class A common stock and Class B common stock, combined. Holders of shares of Class A common stock and Class B common stock vote together as a single class on all matters (including those set forth in this proxy statement) submitted to a vote of stockholders, unless otherwise required by our certificate of incorporation or bylaws. The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.

Edgar Filing: IRONWOOD PHARMACEUTICALS INC - Form DEFC14A

Table of Contents

- (2) Includes 2,591,665 shares of Class A common stock and 130,000 shares of Class B common stock issuable to Dr. Hecht upon the exercise of options that are exercisable within 60 days following March 31, 2018.
- (3) Includes 73,957 shares of Class A common stock issuable to Ms. Consylman upon the exercise of options that are exercisable within 60 days following March 31, 2018.
- (4) Includes 967,706 shares of Class A common stock and 195,000 shares of Class B common stock issuable to Dr. Currie upon the exercise of options that are exercisable within 60 days following March 31, 2018.
- (5) Includes 433,331 shares of Class A common stock and 70,000 shares of Class B common stock issuable to Ms. Gilbert upon the exercise of options that are exercisable within 60 days following March 31, 2018.
- (6) Includes 646,770 shares of Class A common stock and 250,000 shares of Class B common stock issuable to Mr. McCourt upon the exercise of options that are exercisable within 60 days following March 31, 2018.
- (7) Includes 1,626 shares of Class A common stock held by Polaris Venture Management Co. II, L.L.C. and 29,117 shares of Class A common stock and 40,000 shares of Class B common stock held by Bartlett Partners, LLC. Mr. McGuire is a managing member of Bartlett Partners, LLC and Polaris Venture Management Co. II, L.L.C. and has shared voting and investment authority over these shares.
- (8) Includes 4,713,429 shares of Class A common stock and 645,000 shares of Class B common stock issuable upon the exercise of options that are exercisable within 60 days following March 31, 2018. Mr. Graney was no longer an executive officer of Ironwood as of March 31, 2018, and therefore his beneficial ownership information is not included in this amount.
- (9) Based upon the information provided by Wellington Management Group LLP ("Wellington"), Wellington Group Holdings LLP ("Wellington Group"), Wellington Investment Advisors Holdings LLP ("Wellington Investment") and Wellington Management Company LLP ("Wellington Management," collectively with Wellington, Wellington Group and Wellington Investment, the "Wellington Entities") in a Schedule 13G/A filed on February 8, 2018, reporting as of December 31, 2017. According to this Schedule 13G/A, (i) Wellington has sole voting and dispositive power with respect to none of these shares, shared voting power with respect to 11,740,665 of these shares, and shared dispositive power with respect to all of these shares, (ii) Wellington Group has sole voting and dispositive power with respect to none of these shares, shared voting power with respect to 11,740,665 of these shares, and shared dispositive power with respect to all of these shares, (iii) Wellington Investment has sole voting and dispositive power with respect to none of these shares, shared voting power with respect to 11,740,665 of these shares, and shared dispositive power with respect to all of these shares, and (iv) Wellington Management has sole voting and dispositive power with respect to none of these shares, shared voting power with respect to 11,304,317 of these shares, and shared dispositive power with respect to 17,776,619 of these shares. The address of the Wellington Entities is c/o Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210.
- (10) Based upon the information provided by T. Rowe Price Associates, Inc. ("T. Rowe Price") in a Schedule 13G/A filed on February 14, 2018, reporting as of December 31, 2017. According to this Schedule 13G/A, T. Rowe Price has sole voting power with respect to 3,057,280 of these shares, sole dispositive power with respect to 18,924,414 shares, and shared voting and dispositive power with respect to none of these shares. The address of T. Rowe Price is 100 E. Pratt Street, Baltimore, MD 21202.

Table of Contents

- (11) Based upon the information provided by FMR LLC ("FMR") and Abigail P. Johnson in a Schedule 13G/A filed on February 13, 2018, reporting as of December 31, 2017. According to this Schedule 13G/A, (i) FMR has sole voting power with respect to 3,410,382 of these shares, sole dispositive power with respect to all of these shares, and shared voting and dispositive power with respect to none of these shares, and (ii) Ms. Johnson has neither sole nor shared voting power with respect to these shares and sole dispositive power with respect to all of these shares and shared dispositive power with respect to none of these shares. The address of FMR and Ms. Johnson is 245 Summer Street, Boston, MA 02210.
- (12) Based upon the information provided by BlackRock, Inc. ("BlackRock") in a Schedule 13G/A filed on January 25, 2018, reporting as of December 31, 2017. According to this Schedule 13G/A, Blackrock has sole voting power with respect to 11,393,916 of these shares, sole dispositive power with respect to 11,702,048 of these shares, and shared voting and dispositive power with respect to none of these shares. The address of BlackRock is 55 East 52nd Street, New York, NY 10055.
- (13) Based upon the information provided by The Vanguard Group ("Vanguard") in a Schedule 13G/A filed on February 9, 2018, reporting as of December 31, 2017. According to this Schedule 13G/A, Vanguard has sole voting power with respect to 262,988 of these shares, sole dispositive power with respect to 11,003,173 of these shares, shared voting power with respect to 19,406 of these shares and shared dispositive power with respect to 271,617 of these shares. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (14) Based upon the information provided by Janus Henderson Group plc ("Janus") in a Schedule 13G filed on February 13, 2018, reporting as of December 31, 2017. According to this Schedule 13G, Janus has sole voting and sole dispositive power with respect to none of these shares, and shared voting and dispositive power with respect to all of these shares. The address of Janus is 201 Bishopsgate EC2M 3AE, United Kingdom.
- (15) Based upon the information provided by UBS Group AG ("UBS") in a Schedule 13G filed on February 13, 2018, reporting as of December 31, 2017. According to this Schedule 13G, UBS has sole voting power with respect to 7,147,982 of these shares, shared dispositive power with respect to 7,632,959 of these shares, and shared voting power and sole dispositive power with respect to none of these shares. The address of UBS is 100 Bahnhofstrasse 45, Zurich, Switzerland.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1, 2017, except as described below, there has not been, nor is there currently proposed, any transaction 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 arrangements with directors and executive officers, which are described under the caption *Executive and Director Compensation* appearing elsewhere in this proxy statement.

Indemnification Agreements

We have entered into indemnification agreements with each of our current directors and certain of our officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We intend to enter into indemnification agreements with our future directors and executive officers.

Procedures for Related Party Transactions

Under our code of business conduct and ethics, our employees, officers and directors are discouraged from entering into any transaction that may create or give the appearance of a conflict of interest. In addition, they must report any potential conflict of interest, including related party transactions, to certain members of our management or the chair of our audit committee. Pursuant to its charter, our audit committee must approve any related party transactions, including those transactions involving our directors. In approving or rejecting a proposed transaction, the audit committee considers the relevant facts and circumstances available to and deemed relevant by the audit committee, including the material terms of the transaction, risks, benefits, costs, availability of other comparable services or products and, if applicable, the impact on a director's independence. Our audit committee will approve only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our audit committee determines in the good faith exercise of its discretion. A copy of our code of business conduct and ethics and our audit committee charter are available through the Investors section of our website at www.ironwoodpharma.com, under the heading Corporate Governance.

DIRECTORS AND CORPORATE GOVERNANCE

Board Composition and Structure

Our certificate of incorporation states that our board shall consist of between one and 15 members, and the precise number of directors shall be fixed by a resolution of our board. Each director holds office until his or her successor is duly elected and qualified or until his or her death, resignation or removal. Our certificate of incorporation provides that our directors may be removed only for cause by a majority of the stockholders entitled to vote on such removal. Any vacancy in the board, including a vacancy that results from an increase in the number of directors, may be filled by a vote of the majority of the directors then in office. Any additional directorships resulting from an increase in the number of directors will be apportioned by our board among the three classes.

Our board of directors currently consists of nine members, eight of whom are non-employee members. In accordance with the terms of our certificate of incorporation, our board of directors is divided into three classes, and the directors in each class serve for three-year terms. Upon the expiration of the term of a class of directors, directors in that class will be eligible to be nominated and elected for a new three-year term at the annual meeting in the year in which their term expires. The current members of each class are set forth in the table below under *Directors*.

Table of Contents

We separate the roles of chair of the board and chief executive officer and rotate the chairperson approximately every five years. Our board believes that this structure enhances the board's oversight of, and independence from, management, and enables the board to carry out its responsibilities on behalf of our stockholders. This leadership structure also allows Dr. Hecht, our chief executive officer, to focus his time and energy on operating and managing the company, while leveraging the experience and perspective of Mr. McGuire, the current chair of our board. As set forth in our corporate governance guidelines, our board of directors currently anticipates that its chairperson shall rotate approximately every five years, unless the governance and nominating committee recommends otherwise. We expect this rotation will take place in approximately 2020.

Directors***Board Composition***

We believe that our board of directors should be comprised of individuals with sophistication and experience in many substantive areas that will help us achieve our goals of creating and commercializing medicines that make a difference for patients, building value for our fellow stockholders, and empowering our passionate team.

The core criteria that we use in evaluating each nominee to our board consists of the following: (a) an owner-oriented attitude and a commitment to represent the interests of our stockholders, demonstrated, in part, through ownership of our capital stock; (b) strong personal and professional ethics, integrity and values; (c) strong business acumen and savvy; (d) a deep, genuine passion for our business and the patients whom we serve; (e) demonstrated achievement in the nominee's field of expertise; (f) the absence of conflicts of interest that would impair the nominee's ability to represent the interests of our stockholders; (g) the ability to dedicate the time necessary to regularly participate in meetings of the board and committees of our board; and (h) the potential to contribute to the diversity of our board of directors, as a result of the nominee's professional background, expertise, gender, age or ethnicity.

As illustrated in the matrix below, we believe our current directors possess the professional and personal qualifications and necessary expertise both within and outside of the healthcare industry to maintain an effective board of directors that can effectively represent stockholders.

Ironwood Board	Broader Business				Healthcare Industry			
	Capital allocation / Finance / Accounting	Strategic Transactions	Risk Management	Human Capital	Public Company Board	Senior Leadership (small biotech)	Senior Leadership (large pharma)	Customer / market insights (patient, payer, physician)
Terrance McGuire	ü	ü	ü		ü			
Andrew Dreyfus	ü	ü	ü	ü				ü
Marsha Fanucci	ü	ü	ü	ü	ü		ü	
Peter Hecht, Ph.D.	ü	ü	ü	ü		ü		
Julie McHugh	ü	ü		ü	ü	ü	ü	ü
Lawrence Olanoff, M.D., Ph.D.		ü	ü	ü	ü	ü	ü	ü
Edward Owens	ü	ü	ü					
Amy W. Schulman	ü	ü	ü	ü	ü	ü	ü	ü
Douglas Williams, Ph.D.		ü		ü	ü	ü	ü	

Table of Contents

Director Succession Planning

We refresh our board of directors and assess our board succession plans regularly with the aim of balancing tenure and expertise. As of May 2, 2018, the average age of our independent directors is 62 years, and the average tenure of our independent directors is six years. We have added six new independent directors since 2013.

Annual Evaluations

Our directors conduct annual evaluations to assess the performance and effectiveness of the board of directors and each committee in which they are a member. In addition, each director completes a self evaluation as well as a peer evaluation of each other director. For 2017, each director completed a written questionnaire which solicited open-ended and candid feedback on an anonymous basis. In addition to the director evaluations, we also solicit annual feedback from senior management concerning the board's performance on an anonymous basis. The self and peer evaluations and comments were compiled, summarized and discussed between our chief executive officer, the chairman of our board of directors and the chairperson of the governance and nominating committee. The chairperson of the governance and nominating committee then conducted individual feedback sessions with each director to discuss the results of the individual evaluations. The collective board and committee evaluations and comments (including those from senior management) were compiled, summarized and presented to the board of directors.

Director Nomination Process

Our governance and nominating committee identifies potential director candidates through referrals and recommendations, including by incumbent directors, management and stockholders, as well as through business and other organizational networks. To date, our governance and nominating committee has not retained or paid any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees, although it reserves the right to engage executive search firms and other third parties to assist in finding suitable candidates. Stockholders who wish to recommend candidates may contact the governance and nominating committee in the manner described in *Stockholder Communications, Proposals and Nominations for Directorships Communications*. Stockholder-recommended candidates whose recommendations comply with these procedures will be

Table of Contents

evaluated by the governance and nominating committee in the same manner as candidates identified by the governance and nominating committee.

Our Board of Directors

The following table sets forth certain information, as of May 2, 2018, with respect to each of our directors:

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

"C" indicates chair of the committee.

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. and Celsion Corporation.

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.

Table of Contents

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 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. and Alnylam Pharmaceuticals, Inc., and previously served as a director of BIND Therapeutics, Inc. and Blue Buffalo Pet Products, 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.

Table of Contents

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 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

Table of Contents

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 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.

Director Independence

Under NASDAQ Rule 5605, a majority of a listed company's board of directors must be comprised of independent directors. In addition, NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and governance and nominating committees be

Table of Contents

independent and that audit and compensation committee members satisfy the additional independence criteria set forth in Rule 10A-3 and 10C-1, respectively, under the Exchange Act. Under NASDAQ Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our governance and nominating committee determined that none of Messrs. Dreyfus, McGuire and Owens, Meses. Fanucci, McHugh and Schulman, and Drs. Olanoff and Williams, representing all of our non-employee directors and eight of our nine current directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under NASDAQ Rule 5605(a)(2). Our governance and nominating committee also determined that each of the current members of our audit committee, our governance and nominating committee, and our compensation and HR committee satisfies the independence standards for such committee established by Rule 10A-3 and 10C-1 under the Exchange Act, the SEC rules and the NASDAQ rules, as applicable. In making such determinations, our governance and nominating committee considered the information requested from and provided by each director concerning their background, employment and affiliations, including family relationships, the relationships that each such non-employee director has with Ironwood and all other facts and circumstances the committee deemed relevant in determining their independence. As part of such determination, the committee considered: (a) Dr. Olanoff's service on our Pharmaceutical Advisory Committee, or the PAC, and any payments for such services (however, his service on the PAC has since concluded and he currently serves as the board representative to the PAC, and receives no compensation for such representation); (b) the volume of business between BCBSMA, the company in which Mr. Dreyfus serves as president and chief executive officer, and Ironwood, which amounted to less than 1% of the annual revenues of each company; and (c) Ms. Schulman's position with a biotechnology company with which Ironwood had previously collaborated on a research program and no further services are expected to be performed or payments to be made in connection with such collaboration.

Risk Oversight

Our board retains ultimate responsibility for risk oversight, and our management retains the responsibility for risk management. In carrying out its risk oversight responsibilities, our board reviews the long- and short-term internal and external risks facing the company through its participation in long-range strategic planning, and the annual review and evaluation of corporate risks that the audit committee reports. Our board also believes that separating the roles of chair of the board and chief executive officer enhances the board's ability to oversee risk in an objective manner.

We have implemented and continue to refine a formalized enterprise risk management process. On an ongoing basis, we identify key risks, assess their potential impact and likelihood, and, where appropriate, implement operational measures and controls or purchase insurance coverage in order to help ensure adequate risk mitigation. On a quarterly basis, key risks, status of mitigation activities, and potential new or emerging risks are reported to and discussed with senior management and further addressed with our board, as necessary. On at least an annual basis, a long-term comprehensive enterprise risk management update is provided to our board. The long-term goal of our enterprise risk management process is to ingrain a culture of risk awareness and mitigation throughout the organization that can be applied to our current business activities as well as our assessment and pursuit of future business opportunities.

As set forth in its charter, our audit committee discusses with management and our independent registered public accounting firm any significant risks or exposures facing Ironwood, evaluates the steps management has taken or proposes to take to mitigate such risks, and reviews our compliance with such mitigation plans. As part of fulfilling these responsibilities, the audit committee meets regularly

Table of Contents

with Ernst & Young LLP, our independent registered public accounting firm, and members of our management, including our chief executive officer, chief operating officer, chief financial officer, chief accounting officer, and chief legal officer. In addition, our audit committee reviews the risk factors presented in our annual reports on Form 10-K and our quarterly reports on Form 10-Q that we file with the SEC.

As part of our board's risk oversight role, our compensation and HR committee reviews and evaluates the risks associated with our compensation programs and succession plans, as it is responsible under its charter for approving the compensation of all of our executive officers and overseeing succession planning for members of our senior management. Likewise, our governance and nominating committee is responsible for evaluating the performance, operations and composition of our board and the sufficiency of our corporate governance guidelines, either of which may impact our risk profile from a governance perspective.

In performing their risk oversight functions, each committee of our board has full access to management, as well as the ability to engage outside advisors.

Hedging Policy

As part of our insider trading prevention policy, our directors and 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.

Corporate Governance Guidelines

We have adopted corporate governance guidelines which are accessible through the Investors section of our website at www.ironwoodpharma.com, under the heading Corporate Governance, and which also are available in print to any stockholder who requests them from our Secretary. Our board believes that sound governance practices and policies provide an important framework to assist it in fulfilling its duties to stockholders, and relies on these guidelines to provide that framework. Among other things, the guidelines help to ensure that our board is independent from management, that our board adequately performs its oversight functions, and that the interests of our board and management align with the interests of our stockholders.

Sunset of Dual Class Voting Structure

Since our initial public offering, or IPO, we have had a dual class equity voting structure (which provides holders of our Class B common stock with significant influence over certain limited matters requiring stockholder approval, including a merger involving Ironwood, a sale of substantially all Ironwood assets and a dissolution or liquidation of Ironwood). This structure was designed to ensure that long-term focused owners who have a history of experience with us would have the opportunity to carefully consider change of control decisions. We expect that, in accordance with the terms of our certificate of incorporation, all outstanding shares of Class B common stock will automatically convert into one share of Class A common stock on December 31, 2018.

Board Meetings

Our board of directors held five meetings during 2017. As stated in our corporate governance guidelines, we expect our board members to rigorously prepare for, attend and participate in all board and applicable committee meetings. Each board member is expected to ensure that other existing and planned future commitments do not materially interfere with his or her service as a director. We also expect that all of our board members up for election at, or who have a term that continues after, an annual meeting of stockholders will attend such annual meeting. In 2017, each incumbent director

Table of Contents

attended at least 75% of all meetings of the board and all committees of the board on which he or she served that were held during the period that such director was a member of the board or the applicable committee. Eight of our nine directors at the time of our 2017 annual meeting of stockholders attended such meeting. Christopher Walsh did not attend our 2017 annual meeting of stockholders, as his term on our board ended effective at such meeting.

Committees

Our board of directors has established an audit committee, a governance and nominating committee and a compensation and HR committee. Each committee operates under a charter that has been approved by our board. Copies of each charter are accessible through the Investors section of our website at www.ironwoodpharma.com, under the heading Corporate Governance, and are also available in print to any stockholder who requests them from our Secretary. The chair of each of our committees is expected to rotate approximately every three to five years, unless the governance and nominating committee recommends otherwise.

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 Ms. Fanucci 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

Table of Contents

or indirect material interest, other than compensation 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.

Audit Committee Report

In the course of our oversight of Ironwood's financial reporting process, we have (i) reviewed and discussed with management the company's audited financial statements for the fiscal year ended December 31, 2017, (ii) discussed with Ernst & Young LLP, the company's independent registered public accounting firm, the matters and communications required to be discussed pursuant to applicable auditing standards, and (iii) received the written disclosures and the letter from the company's independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with us concerning independence, discussed with the independent registered public accounting firm its independence, and considered whether the provision of non-audit services by the independent registered public accounting firm is compatible with maintaining its independence.

Based on the foregoing review and discussions, we recommended to the board of directors of the company that the audited financial statements be included in the company's Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the SEC.

By the Audit Committee,
Marsha H. Fanucci, Chair
Andrew Dreyfus
Julie H. McHugh

Governance and Nominating Committee. The members of our governance and nominating committee are Ms. McHugh, Dr. Olanoff and Mr. McGuire. Ms. McHugh chairs the governance and nominating committee. Dr. Walsh previously chaired the governance and nominating committee until he transitioned off of our board effective as of our 2017 annual meeting of stockholders, at which time Ms. McHugh rotated onto this committee as its chair. Our governance and nominating committee met two times during 2017.

Our governance and nominating committee's responsibilities include:

identifying individuals qualified to become members of our board of directors;

recommending to our board of directors the persons to be nominated for election as directors;

assisting our board of directors in recruiting such nominees;

recommending to our board of directors qualified individuals to serve as committee members;

performing an annual evaluation of our board of directors;

Table of Contents

evaluating the need and, if necessary, creating a plan for the continuing education of our directors;

assessing and reviewing our corporate governance guidelines and recommending any changes to our board of directors; and

evaluating and approving any requests from our executives to serve on the board of directors of another for-profit company.

Compensation and HR Committee. The members of our compensation and HR committee are Mr. Owens, Ms. Schulman and Dr. Williams. Mr. Owens chairs our compensation and HR committee. Our compensation and HR committee met three times during 2017. Our compensation and HR committee assists our board in fulfilling its responsibilities relating to the compensation of our board and our executive officers.

Our compensation and HR committee's responsibilities include:

reviewing and approving corporate goals and objectives relevant to executive officer compensation and evaluating the performance of executive officers in light of those goals and objectives;

reviewing and approving executive officer compensation, including salary, bonus and incentive compensation, deferred compensation, perquisites, equity compensation, benefits provided upon retirement, severance or other termination of employment, and any other forms of executive compensation;

reviewing and approving our chief executive officer's compensation based on its evaluation of the chief executive officer's performance;

reviewing and approving our peer companies for the purpose of evaluating our compensation competitiveness and mix of compensation elements;

overseeing and administering our incentive compensation plans and equity-based plans and recommending the adoption of new incentive compensation plans and equity-based plans to our board of directors;

making recommendations to our board of directors with respect to director compensation;

reviewing and discussing with management the compensation discussion and analysis required to be included in our filings with the SEC and recommending whether the compensation discussion and analysis should be included in such filings;

preparing the compensation and HR committee report required by the SEC; and

making recommendations to our board of directors with respect to management succession planning, including planning with respect to our chief executive officer.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation and HR committee is or has at any time during the past fiscal year been an officer or employee of Ironwood. None of the members of our compensation and HR committee has formerly been an officer of Ironwood. None of our executive officers serve, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our board of directors or compensation and HR committee. None of the members of our

compensation and HR committee had any relationship with us that requires disclosure under any paragraph of Item 404 of Regulation S-K under the Exchange Act.

Table of Contents

BACKGROUND OF THE SOLICITATION

On February 14, 2018, Sarissa filed a Schedule 13F with the SEC disclosing beneficial ownership of 1,650,000 shares of the company's outstanding Class A common stock by certain Sarissa funds, which was the first time Sarissa had filed a Schedule 13F disclosing its ownership of Ironwood stock.

On February 20, 2018, Meredith Kaya, the company's vice president of investor relations and communications, sent an email to a representative of Sarissa to inform Sarissa that Ironwood was aware of Sarissa's recent acquisition of Ironwood common stock and welcomed a dialogue with Sarissa, as Ironwood does with many new holders of its common stock. On February 22, 2018, a representative of Sarissa acknowledged Ms. Kaya's email and agreed that Sarissa and Ironwood should open a dialogue soon.

On March 13, 2018, a representative from Sarissa called Ms. Kaya requesting that Dr. Hecht, the company's chief executive officer, meet with Dr. Alex Denner, the chief investment officer of Sarissa, at or near Sarissa's offices in Greenwich, Connecticut. Dr. Hecht and Ms. Kaya accepted the invitation from Sarissa.

On March 27, 2018, Dr. Hecht, Ms. Kaya and William Huyett, the company's chief operating officer, met with Dr. Denner and other representatives of Sarissa near Sarissa's offices in Greenwich, Connecticut. At the meeting, Dr. Denner provided some background on himself, Sarissa, his general investment philosophy and his views on the healthcare industry. Regarding Ironwood, Dr. Denner commented that Ironwood has a strong board of directors and said that he believed Dr. Hecht, the management team and the board have done a great job building the company. Dr. Denner stated that he was of the belief that the company had opportunities to improve its stock performance. While he did not request the company take specific courses of action, Dr. Denner suggested that he could help the company improve value creation and asked if Ironwood would be open to Sarissa having board representation as he believed they could be more helpful working from inside of the company. Dr. Hecht responded that Ironwood has a strong board and a vigorous nominating and governance process for evaluating new director nominees and that he would prefer to have any new director candidates be evaluated through that process. Dr. Hecht and Dr. Denner agreed that they should continue to have an open and ongoing discussion about Ironwood and its strategy, as the management team does on a continual basis with its stockholders.

On March 29, 2018, Dr. Denner called Dr. Hecht and Ms. Kaya and notified them that Sarissa was considering submitting an official notice of its intent to nominate Dr. Denner to the board of directors at the annual meeting. Dr. Hecht reiterated the points he made in the March 27, 2018 meeting, including the rigor of Ironwood's nominating and governance process, the regular refreshment of Ironwood's board and the experience and effectiveness of each Ironwood director. He added that the company has a strong slate of independent directors nominated for election in 2018. Dr. Hecht also reiterated the company's willingness to maintain an open and ongoing dialogue with Sarissa, and offered Dr. Denner the opportunity to share his perspective not only with management but directly to the full Ironwood board of directors. Dr. Denner agreed and stated his intent to come to Cambridge, Massachusetts soon to meet with Ironwood.

On March 29, 2018, following the call between Dr. Denner, Dr. Hecht and Ms. Kaya, Sarissa delivered a notice of its intent to nominate Dr. Denner to stand for election to the board of directors of the company at the annual meeting and stated that Sarissa would solicit proxies in support of such election. In addition, Sarissa's notice indicated its intent to make a stockholder proposal to repeal any provision of the company's bylaws not included in the bylaws publicly filed as of March 27, 2018.

On March 29, 2018, after receiving Sarissa's notice of intent to nominate Dr. Denner to stand for election to the board of the company at the annual meeting, Ms. Kaya reached out to a representative of Sarissa suggesting Dr. Hecht and Dr. Denner continue the dialogue. Sarissa representatives

Table of Contents

responded on April 2, 2018 that Dr. Denner would not be available until April 13, 2018. Ms. Kaya scheduled a time for them to speak on April 13, 2018.

On April 9, 2018, the company issued a press release announcing that it had received Sarissa's notice of intent to nominate Dr. Denner to stand for election to the board of directors of the company at the annual meeting to allow the company to consider the views of its stockholders before making a recommendation in the company's definitive proxy statement. Also on April 9, 2018, a letter was sent to Sarissa requesting additional information regarding Sarissa and Dr. Denner, consistent with the company's director nominee evaluation process.

On April 10, 2018, members of the board of the company and members of management began speaking with Ironwood stockholders to hear feedback on Sarissa's proposal that Dr. Denner join the company's board. Members of the board of the company and members of management also began seeking perspectives from individuals who have been with companies where Dr. Denner served as a director.

On April 10, 2018, Sarissa responded to the company's April 9 request with additional information about Dr. Denner and Sarissa, including a questionnaire completed by Dr. Denner.

On April 13, 2018, Dr. Hecht, Mr. Huyett and Ms. Kaya met with Dr. Denner in Boston to discuss the company's business and strategy, including its in-market products and drug development programs. They also discussed Sarissa's proposed nomination of Dr. Denner to the board of the company.

On April 17, 2018, Ms. Kaya reached out to a representative of Sarissa suggesting that Dr. Denner meet with the company's governance and nominating committee. The Sarissa representative responded on April 18, 2018 confirming the date and time of the meeting. On April 25, 2018, Dr. Denner met with members of the company's board, including its governance and nominating committee, in Boston, to discuss Sarissa's proposed nomination of Dr. Denner to the board of the company and to better understand Dr. Denner's interest in joining the board. On April 27, 2018, the board of the company discussed Dr. Denner's candidacy and qualifications for service on the board, including a report from the governance and nominating committee on its recent discussion with Dr. Denner.

On May 1, 2018, Sarissa filed with the SEC a preliminary proxy statement in connection with the annual meeting.

Table of Contents

PROPOSAL NO. 1 ELECTION OF DIRECTORS

*Our board recommends that you vote for each of the
Class II directors up for election.*

Our board has nominated each of our current class II directors Ms. Schulman and Drs. Olanoff and Williams for election at the 2018 annual meeting. Each of Ms. Schulman and Drs. Olanoff and Williams has indicated his or her willingness to serve if elected and has consented to be named in the proxy statement. Should any nominee become unavailable for election at the annual meeting, the persons named on the enclosed **WHITE** proxy card as proxy holders may vote all proxies given in response to this solicitation for the election of a substitute nominee chosen by our board.

Sarissa has notified the company of its intention to nominate an individual for election as director at the annual meeting. Our board of directors unanimously recommends that you vote FOR the election of each of the nominees proposed by our board of directors. Our board does NOT endorse the Sarissa nominee and strongly urges you NOT to sign or return any proxy card sent to you by Sarissa. Voting to "withhold" with respect to the Sarissa nominee on its proxy card is not the same as voting for our board's nominees, because a vote to "withhold" with respect to the Sarissa nominee on its proxy card will revoke any previous proxy submitted by you. If you have already voted using a proxy card sent to you by Sarissa, you have every right to change it and we urge you to revoke that proxy by voting in favor of our board's nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you timely submit will be counted.

Annex A sets forth information relating to our directors, including nominees for directors at the annual meeting, and certain of our officers and employees who are considered "participants" in our solicitation under the rules of the SEC by reason of their position as directors of the company, as nominees for directors or because they may be soliciting proxies on our behalf.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, MacKenzie Partners, toll-free at (800) 322-2885 or at (212) 929-5500 or via email to proxy@mackenziepartners.com.

Vote Required

The three nominees for director with the highest number of affirmative votes will be elected as directors to serve for three years and until their successors are duly elected and qualified or until their death, resignation or removal. Because there is no minimum vote required, abstentions and broker non-votes, if any, will not affect the outcome of this proposal.

Table of Contents

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.

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

Table of Contents

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 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.

Edgar Filing: IRONWOOD PHARMACEUTICALS INC - Form DEF14A

Therefore, this year our stockholders have an opportunity 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.**

Table of Contents

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.

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