

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.

Shares Beneficially Owned

Name of Beneficial Owner	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.

Ou