

IRONWOOD PHARMACEUTICALS INC  
Form DEF 14A  
April 12, 2013

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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.**

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(Name of Registrant as Specified In Its Charter)

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(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):

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(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:

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301 Binney Street  
Cambridge, Massachusetts 02142

**NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS OF  
IRONWOOD PHARMACEUTICALS, INC.**

**Date:** Tuesday, June 4, 2013

**Time:** 9:00 a.m. - 10:00 a.m.

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

**Purpose:** We are holding the annual meeting for stockholders to consider two company sponsored proposals as follows:

1. To elect our Class III directors, each for a three-year term; and
2. To ratify our audit committee's selection of Ernst & Young LLP as our auditors for 2013.

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

**Our board of directors recommends you vote "for" each of the nominees for Class III director (proposal no. 1) and "for" ratification of our selection of auditors (proposal no. 2).** Only stockholders of record at the close of business on April 9, 2013 will be entitled to vote at the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow us to furnish proxy materials to our stockholders on the internet. We believe these rules allow us to provide you with the information that you need while lowering the costs of delivery and reducing the environmental impact of the annual meeting.

You are cordially invited to attend the annual meeting in person. To ensure that your vote is counted at the annual meeting, however, please vote as promptly as possible.

*Proxy Material Mailing Date:*

Sincerely,

April 12, 2013

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*Vice President & General Counsel, Secretary*

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301 Binney Street  
Cambridge, Massachusetts 02142

**PROXY STATEMENT FOR 2013 ANNUAL MEETING OF STOCKHOLDERS**  
**GENERAL INFORMATION**

Our board of directors is soliciting proxies for the 2013 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 related materials are first being made available to stockholders on or about April 12, 2013 and the notice of internet availability of proxy materials is first being sent to our stockholders on the same day.

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.

The contents of our website are not incorporated into 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 9, 2013 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 9, 2013, we had 108,766,210 shares of our common stock outstanding and entitled to vote (82,286,938 shares of our Class A common stock and 26,479,272 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.

**Notice of internet availability of proxy materials.** Pursuant to rules adopted by the Securities and Exchange Commission, or the SEC, we have elected to provide access to our proxy materials via the internet. Accordingly, we are sending a notice of internet availability of proxy materials to our stockholders. All stockholders will have the ability to access the proxy materials on the website referenced in the notice and to request to receive a printed set of the proxy materials by mail. Instructions on how to access the proxy materials over the internet and how to request a printed copy may be found in the notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We encourage stockholders to take advantage of the availability of the proxy materials on the internet or through email to help reduce the environmental impact of our annual meetings.

**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 voting instruction form from your broker nominee.

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#### **How to vote your shares.**

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 notice of internet availability of proxy materials or the proxy card.

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

***By Mail.*** If you request printed copies of the proxy materials by mail, you may vote by proxy by filling out the 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 voting instruction form.

***By Telephone.*** If it is allowed by your nominee, you may provide voting instructions by calling the toll free number found on your voting instruction form.

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

**How you may revoke your proxy voting instructions.** You may revoke or amend your proxy at any time before it is voted at the annual meeting by writing to us directly, submitting a new proxy with a later date by mail, over the telephone or on the internet, or by attending the meeting and voting in person. If you hold your shares in street name, you must follow the instructions on your voting instruction form to revoke any prior voting instructions.

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

**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 nominee that you wish to abstain from voting on a proposal or withhold authority to vote for one or more nominees for director.

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A broker nominee generally may not vote on "non-routine" matters without receiving your specific voting instructions. This is called a "broker non-vote." Like abstentions, broker non-votes are counted

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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 unless it receives your specific instructions. If your nominee does not receive your specific instructions for this proposal, it will submit a broker non-vote. The broker nominee will, however, be able to vote on the ratification of the selection of our independent auditors even if it does not receive your instructions, so no broker non-votes will exist in connection with that proposal.

**Discretionary authority.** Subject to the rules related to voting by nominees described above, if you sign and return your proxy card or provide voting instructions without making any specific selections, your shares will be voted 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 proxy card, or otherwise designated, will have the authority to vote on those matters for you as they determine. At this time, we are not aware of any matters that will come before the annual meeting other than those disclosed in this proxy statement.

**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 III Directors:** the four 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 will not affect the outcome of this proposal.

2.

**Proposal No. 2 Ratification of Auditors:** the approval of this proposal requires a majority of the votes cast for or against the proposal. Abstentions will not affect the outcome of this proposal.

**Results of the voting.** The preliminary voting results will be announced at the annual meeting. The final voting results will be tallied by the inspector of election and 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.

**Costs of solicitation.** We will pay the costs of soliciting proxies. We will solicit proxies 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 or by telephone, without additional compensation. 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, The Proxy Advisory Group, LLC, to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of expenses that are not expected to exceed \$8,250 in the aggregate.

**Audio of annual meeting to be broadcast on our website.** The audio portion of our annual meeting will be broadcast live over the internet through a webcast that will be accessible through the Investors section of our website at [www.ironwoodpharma.com](http://www.ironwoodpharma.com). The contents of our website are not incorporated into this document.



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The following table sets forth certain information with respect to the beneficial ownership of our common stock at March 31, 2013 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 108,715,477 shares of common stock outstanding on March 31, 2013 (82,236,205 shares of Class A common stock and 26,479,272 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, 2013 pursuant to the exercise of options are deemed to be outstanding for the purpose of computing the percentage ownership of such holder but are not deemed to be outstanding for computing the percentage ownership of any other person shown in the table. Beneficial ownership representing less than one percent is denoted with an "\*."

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 Shares	%	Class B Common Stock Shares	%	% Total Voting Power(1)
<b>Officers and Directors</b>					
Peter M. Hecht(2)	292,584	*	5,013,083	18.0	4.8
Michael J. Higgins(3)	99,834	*	920,000	3.4	*
Thomas A. McCourt(4)	77,242	*	223,333	*	*
Mark G. Currie(5)	127,500	*	1,200,000	4.4	1.2
George H. Conrades(6)	5,906	*	1,067,907	4.0	1.0
Joseph C. Cook, Jr.(7)	43,239	*	445,098	1.7	*
David A. Ebersman	0	*	71,519	*	*
Marsha H. Fanucci	22,000	*	44,863	*	*
Terrance G. McGuire(8)	2,308	*	3,220,969	12.2	3.0
Edward P. Owens	88,333	*	0	*	*
Bryan E. Roberts(9)	132,359	*	6,558,491	24.8	6.2
David E. Shaw	54,095	*	324,729	1.2	*
Christopher T. Walsh	0	*	358,026	1.4	*
All executive officers and directors as a group (13 persons)(10)	945,400	*	19,448,018	71.1	16.2
<b>5% Security Holders</b>					
FMR LLC (Fidelity)(11)	11,218,873	13.6	0	*	10.3
Wellington Management Company, LLP(12)	10,599,623	12.9	0	*	9.8

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Entities associated with Morgan Stanley(13)	8,545,404	10.4	0	*	7.9
Entities associated with Venrock(9)	117,202	*	6,558,491	24.8	6.1

(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

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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 (in 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 Securities Exchange Act of 1934, as amended, or 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 by law. 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.

- (2) Includes 219,166 shares of Class A common stock and 1,363,332 shares of Class B common stock issuable to Dr. Hecht upon the exercise of options that are exercisable within 60 days following March 31, 2013.
- (3) Includes 99,834 shares of Class A common stock and 678,334 shares of Class B common stock issuable to Mr. Higgins upon the exercise of options that are exercisable within 60 days following March 31, 2013.
- (4) Includes 70,417 shares of Class A common stock and 223,333 shares of Class B common stock issuable to Mr. McCourt upon the exercise of options that are exercisable within 60 days following March 31, 2013.
- (5) Includes 127,500 shares of Class A common stock and 890,000 shares of Class B common stock issuable to Dr. Currie upon the exercise of options that are exercisable within 60 days following March 31, 2013.
- (6) Includes 254,152 shares of Class B common stock held by the Conrades Family, LLC, of which Mr. Conrades is a managing member. Also includes 723,755 shares of Class B common stock held by Longfellow Venture Partners I, LLC, of which Mr. Conrades is the sole member and the sole manager.
- (7) Includes 43,025 shares of Class B common stock held by Farview Management Company, L.P. Also includes 332,073 shares of Class B common stock and 2,304 shares of Class A common stock held by Mr. Cook and his wife, Judith E. Cook. Mr. Cook has shared voting and investment authority over these shares. Also includes 5,000 shares of Class B common stock issuable to Mr. Cook upon the exercise of options that are exercisable within 60 days following March 31, 2013.
- (8) Includes 826 shares of Class A common stock held by Polaris Venture Management Co. II, L.L.C., 40,000 shares of Class B common stock held by Bartlett Partners, LLC, 80,291 shares of Class B common stock held by Polaris Venture Partners Founders' Fund II, L.P. and 3,100,678 shares of Class B common stock held by Polaris Venture Partners II, L.P. Mr. McGuire is a manager of Bartlett Partners, LLC and a managing member of the general partner of the Polaris funds, and has shared voting and investment authority over these shares.
- (9) Includes 1,919,704 shares of Class B common stock held by Venrock Associates; 2,762,497 shares of Class B common stock held by Venrock Associates II, L.P.; 88,262 shares of Class A common stock held by Venrock Associates V, L.P.; 7,483 shares of Class A common stock held by Venrock Partners V, L.P.; 36,290 shares of Class B common stock held by Venrock Entrepreneurs Fund, L.P.; 1,512,766 shares of Class B common stock held by Venrock Healthcare Capital Partners, L.P.; 287,234 shares of Class B common stock held by VHCP Co-Investment Holdings, LLC; 105 shares of Class A common stock held by Venrock Management, LLC; 18,910 shares of Class A common stock held by VHCP Management, LLC and 2,442 shares of Class A common stock and 40,000 shares of Class B common stock held by VR Management, LLC. Dr. Roberts is a general partner of Venrock Associates and Venrock Associates II, L.P. and a member of the general partners of Venrock Associates V, L.P., Venrock Partners V, L.P., Venrock Entrepreneurs Fund, L.P., Venrock Healthcare Capital Partners, LP, and Venrock Management, LLC, a member of the manager of VHCP Co-Investment Holdings, LLC and a member of VR Management, LLC, and as such, he may be deemed to have voting and investment power with respect to these shares. VR Management, LLC may be deemed the indirect beneficial owner of the shares, and Dr. Roberts may be deemed the indirect beneficial owner of the shares through his interest in VR Management, LLC. Dr. Roberts disclaims beneficial ownership with respect to these shares except to the extent of his indirect pecuniary interest therein. Further, under

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an agreement between Dr. Roberts and VR Management, LLC, Dr. Roberts is deemed to hold 136 shares of the Class A common stock registered in his name for the sole benefit of VR Management, LLC, and must hold or sell the shares solely upon the direction of VR Management, LLC. Dr. Roberts disclaims beneficial ownership with respect to these shares except to the extent of his indirect pecuniary interest therein. The address of Venrock Associates (including entities mentioned above) is 3340 Hillview Avenue, Palo Alto, CA 94304.

(10)

Includes 516,917 shares of Class A common stock and 3,159,999 shares of Class B common stock issuable upon the exercise of options that are exercisable within 60 days following March 31, 2013.

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- (11) Based upon the information provided by FMR LLC ("FMR") and FIL Limited ("FIL") in Schedules 13F-HR and 13G/A filed on February 14, 2013 and Forms 4 filed on March 25, 2013 and April 2, 2013, respectively. Neither FMR nor FIL has voting power with respect to 10,370,166 of these shares. The address of FMR is 82 Devonshire Street, Boston, MA 02109. The address of FIL is P.O. Box H.M. 670, Hamilton, Bermuda.
- (12) Based upon the information provided by Wellington Management Company, LLP ("Wellington") in Schedule 13F-HR filed on February 14, 2013. The address of Wellington is 280 Congress Street, Boston, MA 02210.
- (13) Based upon the information provided by Morgan Stanley and Morgan Stanley Investment Management Inc. ("MIMS") in the Schedules 13F and 13G/A filed on February 14, 2013 jointly. Morgan Stanley beneficially owns 8,154,543 shares of our Class A common stock, has sole voting power with respect to 8,043,473 of such shares and sole dispositive power with respect to all 8,154,543 shares. MIMS beneficially owns 8,154,543 shares of our Class A common stock, has sole voting power with respect to 8,043,473 of such shares and sole dispositive power with respect to all 8,154,543 shares. The securities being reported upon by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by MIMS, an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) of the Exchange Act. MIMS is a wholly owned subsidiary of Morgan Stanley. The address of Morgan Stanley is 1585 Broadway, New York, NY 10036. The address of MIMS is 522 Fifth Avenue, New York, NY 10036.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Since January 1, 2012, 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.

Registration Rights

Each of Messrs. Conrades and Cook, and Dr. Hecht (and certain of their affiliated entities), as well as Venrock, have registration rights with respect to certain shares of capital stock that they hold. These registration rights are contained in our eighth amended and restated investors' rights agreement and are described below. The registration rights under the investors' rights agreement will expire on or about February 2, 2015, or, with respect to an individual holder, when such holder holds less than 1% of the outstanding shares of Class B common stock and is able to sell all of its shares pursuant to Rule 144 under the Securities Act of 1933, as amended, in any 90 day period.

***Demand Registration Rights***

The holders of shares of common stock having demand registration rights under the investors' rights agreement have the right to require that we register their shares of Class A common stock into which their shares of Class B common stock convert, provided such registration relates to not less than 20% in aggregate of our then outstanding shares of Class B common stock having demand registration rights and the anticipated aggregate offering price to the public is at least \$5,000,000. In response to these demand registration rights, we are only obligated to effect two registrations for each series of our outstanding preferred stock that was converted into Class B common stock upon the completion of our initial public offering. We may postpone the filing of a registration statement for up to 90 days once in any 12-month period if our board of directors determines in good faith that the filing would be seriously detrimental to our stockholders or us. The underwriters of any underwritten offering have the right to limit the number of shares to be included in a registration statement filed in response to the exercise of these demand registration rights. We must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with the exercise of these demand registration rights.

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***Piggyback Registration Rights***

If we register any securities for public sale, the stockholders with piggyback registration rights under the investors' rights agreement have the right to include their shares in the registration, subject to specified exceptions. The underwriters of any underwritten offering have the right to limit the number of shares registered by these stockholders due to marketing reasons. We must pay all expenses, except for underwriters' discounts and commissions, incurred in connection with the exercise of these piggyback registration rights.

***S-3 Registration Rights***

The stockholders with S-3 registration rights under the investors' rights agreement can request that we register their shares, provided that the total price of the shares of common stock offered to the public is at least \$500,000. These S-3 registration rights are wholly distinct from the demand registration rights and piggyback registration rights described above. A holder of S-3 registration rights may not require us to file a registration statement on Form S-3 if we have already effected two registrations on Form S-3 at the request of such holder in the last 12-month period. We may postpone the filing of a Form S-3 registration statement for up to 90 days once in any 12-month period if our board of directors determines in good faith that the filing would be seriously detrimental to our stockholders or us. The holders of S-3 registration rights must pay all expenses associated with any registrations on Form S-3 after the first six registrations on Form S-3.

**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 give rise to a conflict of interest. In addition, they must report any potential conflict of interest, including related party transactions, to the governance and nominating committee or the general counsel. 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, our governance and nominating committee charter, and our audit committee charter are available through the About Ironwood section of our website at [www.ironwoodpharma.com](http://www.ironwoodpharma.com), under the heading Corporate Governance.

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**PROPOSAL NO. 1 ELECTION OF DIRECTORS**

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

Our board of directors currently consists of ten members, nine 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 elected for a new three-year term at the annual meeting in the year in which their term expires. The members of each class are set forth in the table below under *Directors*.

Our board nominated each of our current class III directors Ms. Fanucci and Messrs. McGuire, Owens and Walsh for election at the 2013 annual meeting. Each of Ms. Fanucci and Messrs. McGuire, Owens and Walsh has indicated his or her willingness to serve if elected. Should any nominee become unavailable for election at the annual meeting, the persons named on the enclosed proxy as proxy holders may vote all proxies given in response to this solicitation for the election of a substitute nominee chosen by our board.

**Vote Required**

The four 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 earlier death, resignation or removal. Because there is no minimum vote required, abstentions and broker non-votes will not affect the outcome of this proposal.

**DIRECTORS AND CORPORATE GOVERNANCE**

**Board Composition and Structure**

Our certificate of incorporation states that our board shall consist of between one and fifteen 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.

We separate the roles of chair of the board and chief executive officer. 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 Dr. Roberts, our chair of the board. As set forth in our corporate governance guidelines, our board of directors currently anticipates that its chairperson shall rotate every five years, unless the governance and nominating committee recommends otherwise. Based on this schedule, the next rotation would take place in 2015.

**Directors**

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 transforming knowledge into medicines that make a difference for patients, creating value that will earn the continued support of our fellow stockholders, and build a team that passionately pursues excellence.

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The core criteria that we use in evaluating each nominee to our board consists of the following: (a) a commitment to represent both the short and long-term 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; (d) a 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. We believe that all current members of our board of directors possess the professional and personal qualifications necessary to serve on our board of directors.

Our governance and nominating committee identifies potential 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.

The following table sets forth certain information, as of April 12, 2013, with respect to each of our directors:

Name	Age	Class	Year term expires	Audit committee	Governance and Nominating committee	Compensation and HR committee
Marsha H. Fanucci	59	III	2013	C		
Terrance G. McGuire	57	III	2013	ü	ü	
Edward P. Owens	66	III	2013		ü	
Christopher T. Walsh, Ph.D.	69	III	2013		ü	
Bryan E. Roberts, Ph.D., Chair	46	I	2014			
Peter M. Hecht, Ph.D, Chief Executive Officer	49	I	2014			
David E. Shaw	61	I	2014			C
George H. Conrades	74	II	2015		C	ü
Joseph C. Cook, Jr.	71	II	2015	ü		
David A. Ebersman	43	II	2015			ü

"C" indicates chair of the committee.

**Class III Directors (accepted nomination for election at the 2013 Annual Meeting)**

**Marsha H. Fanucci** has served as a director since 2009. Ms. Fanucci served as senior vice president and chief financial officer of Millennium Pharmaceuticals, Inc. from July 2004 through January 2009, where she was responsible for corporate strategy, treasury, financial planning and reporting and operations. While at Millennium, she also served as vice president, finance and corporate strategy and vice president, corporate development and strategy. Previously, she was vice president of corporate development and strategy at Genzyme Corporation, a biotechnology company, from 1998 to 2000. From 1987 to 1998, Ms. Fanucci was employed at Arthur D. Little, Inc. where she most recently served as vice president and director. Ms. Fanucci presently serves on the board of directors of Momenta Pharmaceuticals, Inc. and Alnylam 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 directorships at Momenta Pharmaceuticals and Alnylam Pharmaceuticals, we believe that Ms. Fanucci provides valuable industry insight and essential financial expertise as we execute our corporate objectives.



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***Terrance G. McGuire*** has served as a director since 1998. Mr. McGuire was a co-founder and is currently a general partner of Polaris Venture Partners. Prior to starting Polaris Venture 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 several private companies and has served on the boards of Akamai Technologies, Inc., Aspect Medical Systems, Inc., Cubist Pharmaceuticals, Inc., deCODE genetics, 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, and he has many years of experience helping companies evolve from the start-up phase to successful public companies.

***Edward P. Owens*** has served as a director since March 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 fr