



Cyclerion, the Planned R&D Spin-off of Ironwood Pharmaceuticals, Secures Commitments of \$175 Million in Private Offering

February 26, 2019

– Proceeds to advance Cyclerion's soluble guanylate cyclase (sGC) programs targeting breakthrough treatments for serious and orphan diseases –

– Spin-off expected to be completed in early April 2019 –

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Feb. 26, 2019-- [Ironwood Pharmaceuticals, Inc.](http://www.businesswire.com/news/home/20190226005653/en/) (Nasdaq: IRWD) today announced that Cyclerion Therapeutics, Inc. (Cyclerion) has entered into an agreement for a private placement of up to \$175 million. The offering includes commitments from existing Ironwood shareholders, new investors, and certain members of future Cyclerion management. Final proceeds from this offering are expected to support Cyclerion's sGC stimulator portfolio for at least two years, including four clinical data readouts expected in the second half of 2019. The financing transaction is anticipated to close in early April, immediately following the completion of Ironwood's planned tax-free spin-off of Cyclerion to Ironwood shareholders.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20190226005653/en/>

Peter Hecht, Ironwood's current chief executive officer (CEO) and expected CEO of Cyclerion following the planned spin-off, stated, "We are grateful for the strong support from the outstanding and experienced group of investors who are participating in this financing. We look forward to launching Cyclerion and Ironwood less than one year since our initial announcement of the separation, and to advancing our efforts to create innovative new medicines for patients and generate value for our shareholders."

The amount raised in the private placement is subject to certain potential reductions to preserve the tax-free nature of the spin-off. The number of shares issued and price per share will be determined at the time of the separation and pursuant to the terms of the purchase agreement governing the investment.

It is expected that there will be no ongoing funding between Ironwood and Cyclerion following the separation, other than certain shorter-term transition and other services. Ironwood is not expected to retain equity in Cyclerion, and is not investing in the private placement.

Ironwood plans to complete the spin-off of Cyclerion (including the closing of the private placement) in early April 2019, subject to customary conditions, including effectiveness of the Form 10, a favorable opinion with respect to the tax-free nature of the transaction, and final approval of Ironwood's Board of Directors.

Credit Suisse and J.P. Morgan are serving as joint placement agents for the Cyclerion offering.

About Cyclerion Therapeutics

Cyclerion Therapeutics expects to be a clinical-stage biopharmaceutical company harnessing the power of sGC pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Cyclerion plans to advance its portfolio of five differentiated sGC stimulator programs with distinct pharmacologic and biodistribution properties that are uniquely designed to target tissues of greatest relevance to the diseases they are intended to treat. These programs, each of which have important milestones anticipated in 2019, include olinciguat in Phase 2 development for sickle cell disease, praliciguat in Phase 2 trials for heart failure with preserved ejection fraction (HFpEF) and for diabetic nephropathy, IW-6463 in Phase 1 development for serious and orphan central nervous system diseases, and two late-stage discovery programs targeting serious liver and lung diseases, respectively.

About Ironwood Pharmaceuticals

Ironwood Pharmaceuticals (Nasdaq: IRWD) is a commercial biotechnology company focused on creating medicines that make a difference for patients, building value for our fellow shareholders, and empowering our passionate team. We discovered, developed and are commercializing linaclotide, the U.S. branded prescription market leader for adults with irritable bowel syndrome with constipation (IBS-C) or chronic idiopathic constipation (CIC). Our pipeline priorities for linaclotide include a Phase IIIb trial evaluating its efficacy and safety on multiple abdominal symptoms, including abdominal bloating, pain, and discomfort in adult patients with IBS-C, as well as research into a formulation of linaclotide designed to relieve abdominal pain associated with IBS.

We are also advancing a pipeline of innovative product candidates in areas of significant unmet need, including persistent gastroesophageal reflux disease, and the product candidates that Cyclerion expects to advance following completion of the planned separation of Ironwood and Cyclerion into two independent, publicly-traded companies. The separation is expected to be completed in early April 2019. Ironwood was founded in 1998 and is headquartered in Cambridge, Mass. For more information, please visit www.ironwoodpharma.com or [www.twitter.com/ironwoodpharma](https://twitter.com/ironwoodpharma); information that may be important to investors will be routinely posted in both these locations.

Forward-Looking Statements

This press release contains forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, including statements about the proposed separation of our operations into two independent, publicly traded companies, including the status, structure, funding arrangements, completion, timing and tax-free nature of the separation; the closing of Cyclerion's financing, the expected use of proceeds and

the duration of the cash runway that will be provided by the financing; the business and operations of Ironwood and Cycleron and any benefits of the separation; the anticipated timing of preclinical, clinical and regulatory developments; and future commercialization efforts. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement. Applicable risks and uncertainties include those related to the possibility that we may not complete the separation on the terms or timeline currently contemplated, if at all, that we may not achieve the expected benefits of a separation, and that a separation could harm our business, results of operations and financial condition; the risk that the costs of the separation outweigh the benefits of the separation; the risk that financial and operating results may differ from our projections; the risk that our clinical programs and studies may not progress or develop as anticipated; the risk that we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as independent companies; Cycleron's lack of independent operating history and the risk that its accounting and other management systems may not be prepared to meet the financial reporting and other requirements of operating as an independent public company; the risk that a separation may adversely impact our ability to attract or retain key personnel; and the risks listed under the heading "Risk Factors" and elsewhere in Ironwood's Annual Report on Form 10-K for the year ended December 31, 2018, the information statement filed with Cycleron's Registration Statement on Form 10, and in our subsequent SEC filings, including SEC filings related to the proposed separation. These forward-looking statements (except as otherwise noted) speak only as of the date of this press release, and Ironwood undertakes no obligation to update these forward-looking statements.

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